FOREIGN AFFAIRS

JULY/AUGUST 1996

A Foreign Policy For Candidate Dole

WILLIAM KRISTOL AND ROBERT KAGAN

Post-Heroic Armies

EDWARD LUTTWAK

The Virtual State

RICHARD ROSECRANCE

Downsizing the State Department

LAWRENCE EAGLEBURGER AND ROBERT BARRY

On 'Workers and the World Economy'

PAUL KRUGMAN • STEVE FORBES • ROBERT LAWRENCE

Jorge Castañeda on Mexico's Misery

Ian Buruma on Taiwanese Democracy

David Rieff on Cuban Anti-Americanism

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FOREIGN AFFAIRS

JULY/AUGUST 1996
VOLUME 75, NUMBER 4

Comments

Dollars and Sense Diplomacy
Lawrence S. Eagleburger and Robert L. Barry 2
When Congress swings the budget ax, it cripples U.S. foreign policy. Now is the time to make a virtue of necessity and craft a system both leaner and better able to promote America's aims abroad.

NATO Enlargement's American Hurdle *Jeremy D. Rosner* 9
Winning U.S. approval for extending NATO will not be as difficult as opponents claim or as easy as supporters assume. The White House must lead the Senate eastward.

Essays

Toward A Neo-Reaganite Foreign Policy
William Kristol and Robert Kagan 18
America has reached a tepid consensus that accepts a decline of U.S. power in the world as inevitable. Other nations, better judges of power, treat the United States as a hegemon. America should pursue a vision of benevolent hegemony as bold as Reagan's in the 1970s and wield its authority unabashedly. The defense budget should be increased dramatically, citizens should be educated to appreciate the military's vital work abroad, and moral clarity should direct a foreign policy that puts the heat on dictators and authoritarian regimes. Republicans are best fitted to carry out this foreign policy of national honor and elevated patriotism.

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A Post-Heroic Military Policy *Edward N. Luttwak* 33

The Cold War induced caution in nations that feared uncontrollable escalation. Now that confrontations are less likely to careen out of control, a new season of bellicosity is here. The U.S. military, trapped in a Cold War mindset, has failed to realize this. It is spending far too much on casualty-prone units in all the services, in an age when political opposition to casualties effectively makes these units unavailable for combat. The military should recalibrate its priorities and shift funds to weapons such as high-tech lasers, stealth aircraft, and cruise missiles that can make warfare less lethal for Americans.

The Rise of the Virtual State *Richard Rosecrance* 45

All have heard about the virtual corporation. What the world is witnessing now is the rise of the virtual state. After World War II, led by Japan and Germany, the most advanced nations gave up territorial conquest to compete instead for world trade. As more corporations farm out production and land becomes less valuable than technology, knowledge, and portfolio investment, the state will further shift its efforts from amassing productive capacity to choosing industries and investing in people. War over territory is becoming quaint, but so is the welfare state.

Cuba Refrozen *David Rieff* 62

Cuba's downing of the Brothers to the Rescue planes halted the thaw in relations that had seemed slow but inexorable. That suits Fidel Castro perfectly. Anti-Americanism hitched to a very Cuban sense of doomed defiance is the only sentiment he has going for him now that faith in socialism is dead and his regime is peddling tried-and-failed solutions for the ramshackle economy. Ironically, Castro's sovereignty fetish has driven Cubans into dependence on Miami, as well as into poverty and crime. But the Maximum Leader, who has outlasted eight U.S. presidents, is a wily tactician. A post-Castro Cuba does not seem imminent.

Taiwan's New Nationalists *Ian Buruma* 77

The Nationalist Party still holds the reins of government, but Lee Teng-hui, elected in Taiwan's first direct presidential contest in March, has brought the island a long way from the repressive regime of Chiang Kai-shek. Himself a native of Taiwan, Lee has opened up his party as well as the political system, divesting the mainlanders who arrived in 1949 and governed the country for decades of much of their power. Their dream of reunification has gone the way of their might, replaced by the native Taiwanese desire for an independent country. As Taiwan's newborn democracy matures, homegrown nationalism will carry the day.

Mexico's Circle of Misery *Jorge G. Castañeda* 92

Mexico has suffered through four major crises in the past two decades, but the current round, triggered by the 1994 collapse of the peso, is the most serious. Although Mexico will avoid a social explosion, it will not embark on the thorough reform it desperately needs. The reason: a large, broad minority that depends on the United States and is mainly indifferent to their country's ups and downs, economic and political. Successive American bailouts have spared Mexicans some pain but have also locked in misguided policies and an authoritarian government. Until bold new leaders arise, Mexico is condemned to repeat its sad history.

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Asia, a Civilization in the Making *Masakazu Yamazaki* 106

Asian civilization cannot be the reason for East Asia's meteoric rise because such a thing has never existed. Only in this century have the diverse civilizations and cultures of the vast region been brought together—by a force called modernity. Asia's encounter with the West sparked its tendencies toward commercial striving and is creating a stimulating mix on many fronts. The ultramodern cities of the Pacific Rim may be the capitals of a civilization in progress.

Reviews

Inside Enemy Archives *Melvyn P. Leffler* 120

A new conventional wisdom is forming on the Cold War, but the records do not support its hard line. The Soviet Union did not aim at world conquest. It was afraid, and its clients got out of hand. The U.S. and U.S.S.R. share responsibility.

Recent Books on International Relations 136

David Hendrickson on George Kennan; Stanley Hoffmann on fascism; Robert Legvold on the late U.S.S.R.; William Quandt on Lebanon; Donald Zagoria on Michael Armacost; Gail Gerhart on South Africa's scientific racism.

Workers and Economists 164

Yes, workers are hurting, as Ethan B. Kapstein has observed, but New Deal spending today would only spark inflation, argue economists Paul Krugman and Robert Z. Lawrence. Thomas Donahue applauds Kapstein's compassion, and Hilary Barnes and Steve Forbes caution against excessive social welfare. Kapstein replies.

Letters to the Editor 182

Steven Rattner defends Mickey Kantor; Franklin White sounds the tocsin on chronic disease; and Khan vents his wrath over inequality in Saudi Arabia.

The articles in Foreign Affairs *do not represent any consensus of beliefs. We do not expect that readers will sympathize with all the sentiments they find here, for some of our writers will flatly disagree with others; but we hold that while keeping clear of mere vagaries* Foreign Affairs *can do more to inform American public opinion by a broad hospitality to divergent ideas than it can by identifying itself with one school. We do not accept responsibility for the views expressed in any article, signed or unsigned, that appears in these pages. What we do accept is the responsibility for giving them a chance to appear.*

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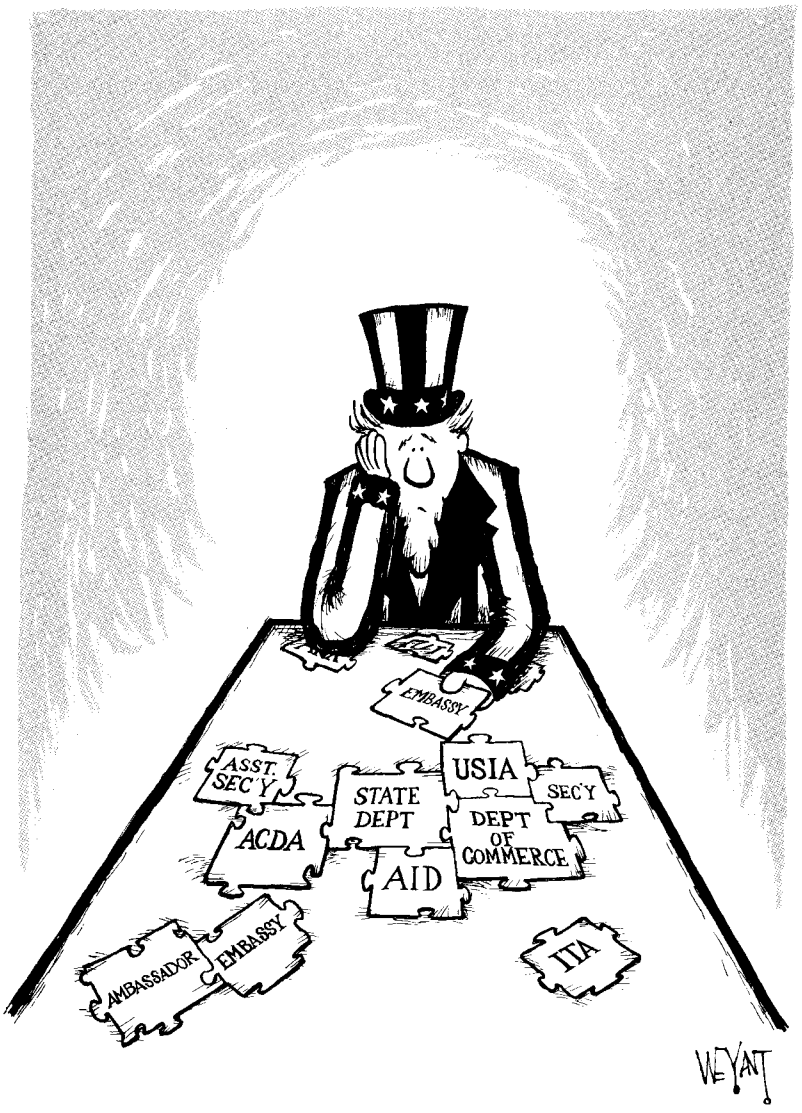

Piecemeal fixes for U.S. diplomacy will fail. The system needs an overhaul.

Dollars and Sense Diplomacy *Lawrence S. Eagleburger and Robert L. Barry* 2

NATO Enlargement's American Hurdle *Jeremy D. Rosner* 9

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Dollars and Sense Diplomacy

A Better Foreign Policy for Less Money

Lawrence S. Eagleburger and Robert L. Barry

Pressure to eliminate the budget deficit has grown increasingly intense, and the United States has responded by slashing its spending on foreign relations. The international affairs budget has fallen 51 percent in real terms since 1984, and the Clinton administration's 1997 request is lower than the current budget. The decline is even more striking since big-ticket items, such as aid to Israel and Egypt, have been left untouched. And Congress has denied the administration even these modest amounts, forcing the president to veto the State Department authorization bill in April.

Ideally, Congress would reverse this disturbing trend and allocate more funds to the struggling agencies with international responsibilities. The United States would then be able to keep its consulates and embassies open, pay its overdue bill to the United Nations, and fund the trade promotion agencies that support the 300,000 American jobs tied to exports. Perhaps it could even raise slightly the one-tenth of one percent of GDP devoted to foreign aid, a sum that makes the United States the most miserly of the industrialized countries. But presidential candidates Dole and Clinton are not calling for such increases, nor would Congress respond favorably if they did.

The alternative is to make a virtue out of necessity and restructure the agencies that carry out U.S. foreign policy. Underlying the current system is the false premise that the United States' objectives abroad—promoting national security, free trade and U.S. exports, and respect for human rights—often conflict with one another. In fact, those interests are intertwined. Progress toward democratic government fosters open markets, and American involvement in regional security encourages democracy and free trade. But the current structure of the U.S. foreign policy bureaucracy invites foreign countries, both allies and adversaries, to play agencies or issues against each other. A consolidated structure would buy the United States more effective diplomacy for the buck, satisfying the budget hawks in Congress. More important, it would take advantage of the synergies of the

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United States' various foreign policy aims, compensating for the funding cuts that have crippled the country's ability to promote its interests abroad. There is no time to lose. As Congress swings the budget ax and imposes solutions, the State Department, U.S. foreign policy, and all Americans suffer.

BALKANS ON THE POTOMAC

Reinventing diplomacy should begin with the lead U.S. foreign affairs agency, the Department of State. Its chief problem is Balkanization at the upper levels, and a critical initial step is a radical reduction in the number of assistant secretaries. Previous attempts to redress the department's flaws, most recently the 1995 Strategic Management Initiative, have been narrowly conceived and cosmetic in effect. The State Department cannot regain its leading role in American foreign policy by merely reducing its operating expenses or closing overseas posts. It needs an ambitious overhaul.

The State Department currently has 19 assistant secretaries divided by region, such as the Near East, and function, such as human rights, each with a supporting bureau. There are too many assistant secretaries and their views are too divergent for the secretary of state to meet with them as a group, except on rare occasions. They report to the five under secretaries responsible for political affairs; economics, business, and agricultural affairs; arms control and international security affairs; management; and global affairs. Policy coordination does not normally take place at the under secretary level either; when assistant secretaries appeal to their immediate superiors, disputes are often perpetuated rather than settled. Above the under secretaries are the secretary and deputy secretary, who could bring some order to the process by focusing on these internal conflicts. But like most of their predecessors, Secretary of State Warren Christopher and Deputy Secretary of State Strobe Talbott have rightfully been too preoccupied with the outside world to keep the peace in Foggy Bottom.

The first step toward significant reform is to trim the number of assistant secretaries, leaving those responsible for the regions and specialized support services such as intelligence and security. The task of policy integration should be returned to the regional assistant secretaries, who deal with functional issues such as trade policy, human rights, and the environment on a daily basis. Personnel now in bureaus with purely functional mandates should be folded into regional bureaus, reversing the process by which they have swelled and added country specialists and geographic subdivisions of their own. Thirty years ago, the State Department was organized along these lines, and it worked better than today.

Getting rid of the superfluous assistant secretaries will be a challenge. Congress expressly created many of these positions, and these assistant secretaries have strong political constituencies. Most have titles that resonate with the general public—democracy, human rights, and labor; diplomatic security; oceans and international environmental and scientific affairs. They have counterparts in other cabinet departments and congressional committees with whom they have formed tight bonds. No doubt, some will misinterpret these vital efforts as an attack on these issues that are often of global concern. But whereas today's

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structure presents the United States' various aims abroad as competing alternatives, this reform would, by stressing the links between these objectives, make it possible for the United States to promote them more effectively.

A WELL-CRAFTED MERGER

This first step within the State Department would pave the way for a more controversial move: its merger with the U.S. Information Agency, the Agency for International Development, and the Arms Control and Disarmament Agency. The resulting new Department of Foreign Affairs would improve the coordination of U.S. foreign policy while allowing those obsessed with expenditures on international affairs to declare victory.

Over the strong protests of the Clinton administration, congressional Republicans, led by Senator Jesse Helms (R-N.C.), called for such a move last year. In March Congress passed an ill-crafted compromise that would have given the administration the choice of eliminating one of these three agencies through a merger with State, while allowing the remaining two to operate independently with greatly reduced funding. The administration objected to this suggested bargain, and Clinton vetoed the State Department authorization bill in April. Some critics of Helms' proposal argued that State was rife with management problems and could not absorb several other agencies and their functions. Indeed, the Helms plan at once went too far and not far enough. The critics were correct in charging that it grafted new fiefdoms onto a flawed structure and promised to compound the problems of an organization that had grown beyond the control of the secretary and his deputy. However, reversing the sequence—creating a simplified State Department before bringing in other agencies—would make a merger possible.

As the smallest and most redundant, the Arms Control and Disarmament Agency would be the easiest to accommodate. The under secretary for arms control and international security affairs would take on the ACDA director's role, and the agency's staff would be split among support organizations and policy groups. Arms control experts are still very much in need, but, with the end of the Cold War, a separate agency is no longer justified.

The U.S. Information Agency is a considerably larger entity, and it supplies the secretary of state with much-needed advice on public diplomacy. It is already well integrated into U.S. diplomatic missions abroad and thus can easily be brought into the Department of Foreign Affairs by expanding the responsibilities of the under secretary for global affairs. The USIA's Washington-based staff should not form an independent agency within the department; they should be assigned to regional bureaus and support functions.

Because it administers large grant programs that Congress closely supervises, the Agency for International Development must preserve some independence from the department, although this distinction will become less important as AID budgets decline and only a handful of major country programs survive. AID integration should follow the precedent set by the Alliance for Progress, the ambitious Kennedy administration assistance program for Latin America. Policy planning should take place at the assistant secretary level, and AID policy groups should work

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directly with the country desks. Technical support on issues such as energy and the environment would be provided by a unit attached to the under secretary for global affairs. A separate audit unit, based in the United States rather than abroad to keep overseas staff lean and costs down, would provide oversight. In the field, all but the very largest programs—those that dispense assistance to Israel and Egypt—would be handled by staff fully integrated into the local American embassy. The U.S. experience in Eastern Europe shows that such streamlined operations can function more flexibly and cheaply than traditional AID missions, which routinely require two or more years to set up new programs. Congress would have to abandon its predilection for micromanagement and encourage the organization to simplify its intricate regulations, which give the modest U.S. assistance program extremely high overhead costs.

GIVING TRADE ITS DUE

Most previous plans for consolidation have not treated trade as central to U.S. foreign policy. But in today's highly competitive economic environment, export promotion and free trade rank among the United States' top priorities, and American ambassadors now spend more time on assisting U.S. businesses than on any other single function. These efforts are beginning to pay off: competing countries are increasingly worried about losing market share to the United States, and they have started to complain bitterly about U.S. tactics, annoyed that the United States is finally employing the same methods they have long exploited.

U.S. trade policy suffers from a lack of communication among the many Washington-based agencies that set and implement it. Trade negotiations are housed in the White House in the Office of the U.S. Trade Representative, while the Department of Commerce and a constellation of more than a dozen other agencies, large and small, handle export promotion. The trade representative, brandishing the stick of tariffs, develops a negotiating strategy with dissatisfied domestic constituencies in mind and often springs plans on other U.S. agencies and ambassadors overseas without careful discussion of their ramifications. The result, as in the case of U.S. trade relations with China, is a tendency to rely on bilateral sanctions as the approach of first resort. Rather than develop a coalition of like-minded countries or turn to multilateral agencies like the World Trade Organization to advance its aims, the United States issues threats, but the offending partner usually ignores them, recognizing that they are empty because they would harm American companies that benefit from the status quo. In Japan, China, and Indonesia over the past two years, confrontational tactics have produced few gains, but they have damaged U.S. credibility and contributed to heightened tension.

Contradictory U.S. policies, confusing to foreign governments, have their origins in a fragmented bureaucratic structure. The solution lies in merging the Office of the U.S. Trade Representative with the Commerce Department's International Trade Administration and other trade promotion agencies into a freestanding International Trade Agency with a seat on the National Security Council and representation in all relevant interagency groups. This agency would bring together

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the yin and yang of U.S. trade interests, using multilateral forums as well as bilateral negotiations to open markets and ensuring that trade policy is effective and rhetorically resonant. The United States should not relinquish the possibility of unilateral action, but it must adapt to the more competitive trade environment and strengthen the World Trade Organization by relying on its dispute-settlement procedures. A negotiating strategy that mobilizes incentives as well as sanctions and reflects the wide range of U.S. interests will open more markets than controversial tactics attuned to short-term domestic considerations.

BOTTOMS UP

Harsh budget cuts have already incapacitated many of the United States' diplomatic posts and severely damaged the morale of Americans and foreigners who serve at U.S. embassies and consulates. To make ends meet in tropical Indonesia, for example, the embassy had to cut the only large discretionary item in its budget: air conditioning. Its staffing cuts bore no relation to U.S. interests. While Washington agencies bickered, the embassy could not augment its commercial staff to take advantage of opportunities for expanding exports, nor could it cut excess support staff and reallocate the funds. The result was a mission poorly equipped to further new priorities, such as promoting American business.

This disparity between needs and resources is likely to grow over the next few years, as the attempt to balance the budget drives down spending on international affairs still further. Top-down consolidation in Washington would save money and make the agencies more effective. At the same time, U.S. posts abroad need to be restructured from the bottom up. In 1993 the Pentagon conducted its Bottom-Up Review, which is a model of downsizing to meet post–Cold War requirements. By consulting local commanders and urging them to submit recommendations, rather than dictating new budget targets to agency heads and major commands and ordering them to spread the cuts at their discretion among their subordinates, the Defense Department speedily adopted a force structure better suited to today's needs at a significantly lower cost.

In theory, chiefs of mission have the authority to shape their staffs in response to changing needs and budgets, but in reality, they lack the power to restructure across agency lines. Washington maintains a tight grip on the reins of reform. One ambassador reported that a few days after he took the requirement to propose cuts to his State staff seriously and offered up five positions, his local CIA chief ruefully confessed that Washington had raised his personnel ceiling by five. In Indonesia, a proposal to reorganize export promotion on an interagency basis won the approval of all agencies' local representatives. The USIA was prepared to convert its separate library outside the embassy complex into a one-stop resource for U.S. business that would house the local representatives of several relevant agencies. Each was to lend its expertise to the joint operation, and the plan was strongly supported by the U.S. business community and got off to a good start during Clinton's 1994 visit to Jakarta. But this local initiative collapsed amid haggling in Washington over how to divide the costs and floor space, and in the end the cooperative model was scrapped.

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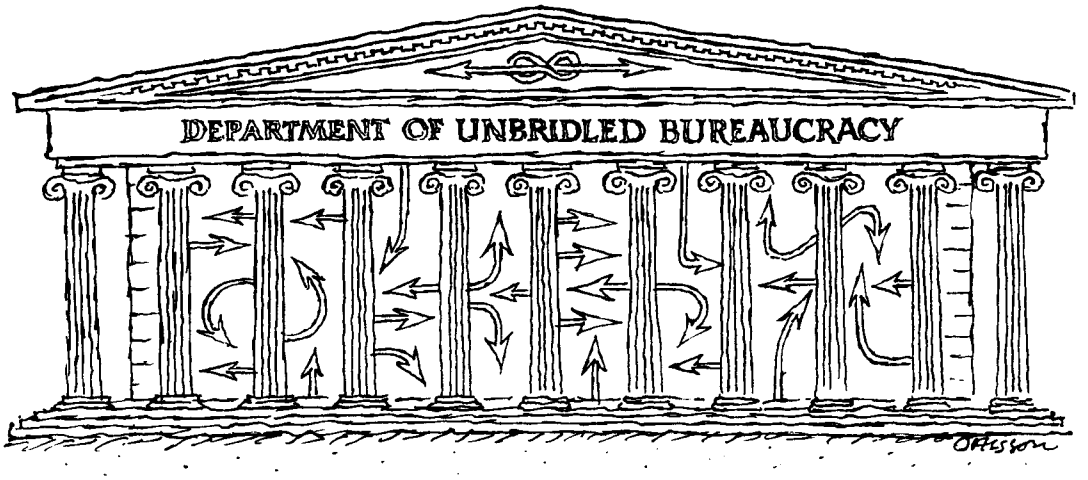

The State Department must recognize that although policymakers in Washington should articulate overall strategy, a cookie-cutter solution to unique local problems is doomed to fail. A bottom-up restructuring of overseas personnel would require a specific mandate from the president to his personal representatives, ambassadors, and mission chiefs around the world to reorganize their staffs, and that mandate would expressly apply to all agencies represented at the post, not just the State Department staff. Mission chiefs would also have to be given budget ceilings for operating expenses, including personnel costs, that reflect the importance of their host country to U.S. interests. The successful chief of mission would break down interagency walls, build teams that shift according to changing circumstances, and create a lean, results-oriented organization.

At present, the U.S. foreign affairs bureaucracy is not prepared for a bottom-up approach. Senior officials have fallen into the habit of referring to embassies and consulates as platforms where representatives from Washington can land, refuel, have a meeting or two, and then continue on their way. Officials based in the United States then bear the main burden of relations with foreign countries. This skewed approach relegates overseas posts to mere diplomatic pit stops and encourages mission chiefs to maintain administrative support personnel and fire substantive experts. Budget cuts have not required such a shift, but, combined with this attitude prevalent among policymakers, they will ultimately eviscerate the United States' ability to defend its interests and project its influence abroad.

A MISSION TO SAVE ALL MISSIONS

The lack of consensus about the purpose of the U.S. presence overseas has paralyzed reform efforts. The dominant view is that foreign service officers are hunter-gatherers of information. When asked as part of the Strategic Management Initiative to identify the most valuable service performed by overseas personnel, many members of the Washington policy community selected "analysis." This struck a chord with those who remember how George Kennan's 1946 "long telegram" from Moscow shaped U.S. policy toward

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the Soviet Union for decades. But Kennan wrote his magnum opus as a result of growing frustration with Washington's policy and its apparent disregard for the reports from the embassy in Moscow. That his primer on Soviet foreign policy resonated with the policy community was largely coincidence. Today facsimile machines, e-mail, telephones, and back-channel telegrams provide a seamless web of communications between Washington and the field, most of it mercifully out of sight of the ambassador and the senior officials at home. If anything, the problem is a suffocating deluge of analysis.

If not analysis, what? America's representatives abroad should focus on advocacy—promoting America's exports, explaining its policies, protecting its citizens, urging democracy, human rights, and open markets, and fostering security arrangements that ensure peace and America's prosperity. Reporting on these issues is important, but doing something about them should be the new organizing principle for America's overseas missions. U.S. defense attachés and CIA personnel can contribute more by encouraging their counterparts in other countries to adopt new security or human rights policies than by reporting the latest news from the trenches. Economic analysts and AID staff can contribute to export promotion if they are permitted to escape their restrictive bureaucratic boxes. Only if they work together and share information and access can USIA, AID, and State personnel foster democracy.

Overseas missions should be charged with weaving into a coherent whole the various threads of U.S. foreign policy. Foreigners are frequently puzzled by the different messages they hear from high-level visitors from Washington. One week, the trade representative threatens sanctions over protection of intellectual property. Then an assistant secretary of state warns that Congress will revoke trade privileges if human rights are not respected. A congressional delegation follows, accentuating the positive aspects of the relationship, remaining silent on the actions its members so vigorously proscribe at home. Commerce officials come next, emphasizing how much the United States values the trading relationship and predicting that increased trade will lead to an open society and market reforms.

The United States does not have the luxury of reorganizing piecemeal. Mergers that simply graft agencies onto State's existing structure set a bad precedent. And once Washington heedlessly downsizes or shuts overseas posts, reviving them will be impossible. The forthcoming U.S. elections provide an opportunity to seize the reform initiative. Regardless of the victor in November, there will be new faces in the cabinet and new opportunities for restructuring. The United States cannot overcome the challenges of the next century with an outmoded State Department and an obsolete mission.

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NATO Enlargement's American Hurdle

The Perils of Misjudging Our Political Will

Jeremy D. Rosner

As the debate over the merits and implications of extending NATO to include Central and Eastern Europe rages on, a critical question has largely been ignored: will Congress and the American people support the initiative? Adding new members requires the unanimous approval of the current allies, and the hurdle for ratification is highest in the United States. The other 15 alliance members need to muster majorities in party-disciplined legislatures, but American consent requires two-thirds of the notoriously independent Senate. With hardly a dissenting voice, the Senate approved membership for Greece and Turkey in 1952, West Germany in 1955, and Spain in 1982, but those votes were cast in the Cold War's shadow. With that looming menace gone, it is worth leaving aside for the moment the advisability of enlargement and asking simply whether enlargement is possible given the shifting terrain of U.S. domestic politics.

Like many post–Cold War foreign policy initiatives, NATO enlargement has scrambled traditional partisan and ideological blocs. Supporters of enlargement include balance-of-power conservatives apprehensive about rising Russian nationalism and intent on further embedding Germany in Europe's security edifice, idealists who seek to bolster democratic and economic reform in Central and Eastern Europe, and NATOphiles who see enlargement as a way to preserve the alliance and its unique military structure. The anti-enlargement faction is equally diverse. It embraces isolationists opposed to further security commitments, internationalists who see enlargement as antagonistic to Russia and unnecessary for the region's political and economic development and security, and hawks who worry that the

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additional states will weaken the alliance's defenses, strain the current members' shrinking military resources, and risk leaks of sensitive information.

Even more striking than these motley coalitions are their antithetical predictions for the proposal's fate in Congress. Opponents have generally concluded that a new tide of isolationism dooms the idea. European security expert Charles Kupchan writes that U.S. ratification would require a "feat of magic" given "skin-deep" political support among a public and Congress that were reluctant to deploy troops in Bosnia or spend taxpayer dollars to rescue the Mexican peso. Meanwhile, enlargement's proponents cavalierly disregard the question of ratification, as if compelling arguments alone would produce the required 67 votes. Rather than join forces to battle the proposal's opponents, they have trained their fire on each other. Republicans included pro-enlargement provisions in the Contract With America to reprove Clinton for his slow pace on the initiative. When the provisions came to a vote, the administration weighed in against them, on the grounds that they restricted the president's ability to conduct foreign policy.

Both sides cannot be right. American approval of NATO enlargement cannot be both impossible and inevitable. In fact, while ratification will be difficult, with energetic White House leadership, it is also likely. The enlargement debate ultimately reveals that many observers dangerously overstate the strength of isolationist sentiment and underestimate what kind of foreign policy the United States can sustain after the Cold War.

FALSE ANALOGIES

Pointing to widespread opposition to the U.S. military interventions in Somalia, Haiti, and Bosnia, critics of enlargement argue that Congress will not extend U.S. security guarantees to the distant Visegrád states—Poland, Hungary, and the Czech Republic. But this comparison is specious. Resistance to these missions resulted from policy reversals, the inherently ambiguous objectives of peacekeeping, and above all the fact that the U.S. security interests at stake were either minuscule (Somalia and Haiti) or limited (Bosnia). By contrast, NATO protects a vital American national interest—the security of all Europe—and benefits from the memory of its clear, successful Cold War military mission, even if that mission is now changing. Thus, even as Congress objected to U.S. operations in Haiti and Bosnia, it passed pro-enlargement resolutions.

Moreover, enlargement represents a commitment, not a deployment into a hot conflict, and Congress tends to be bolder in sanctioning the former. Veto-proof majorities voted to require the president to lift the Bosnian arms embargo, even though that step might have obligated the United States to send troops to evacuate U.N. forces, whereas the deployment to enforce the Dayton accord garnered only lukewarm support. Extending nuclear and conventional guarantees to the states of Central and Eastern Europe would involve higher risks, but the possibility of hostilities would be far more remote.

Senators will also note that the treaty's security pledges are contingent on each state's "constitutional processes," a caveat the Senate demanded in 1949 to ensure that Congress would have a say before troops were sent into combat. Some may

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question the value of security guarantees that come so highly conditioned, but NATO has always been plagued by such doubts; Truman administration Secretary of State Dean Acheson lamented "the weakness of words to bind." Only the course of events can prove whether these new pledges are credible, and such doubts are unlikely to derail ratification.

The issue of American credibility will, in fact, increase support for enlargement. At a January 1994 press conference in Prague, Clinton promised to pursue enlargement, and the longer the prospect of membership sits on the table, the more hesitant Congress will be to yank it away. Stopping the process now would bitterly disappoint states that have anticipated joining the alliance and would send a signal of inconstancy to friends and foes. Pressure on Congress not to renege on America's commitments led key leaders like Senator John McCain (R-Ariz.) to back the mission in Bosnia despite misgivings, and similar pressures will play an increasingly important role in the enlargement debate.

The cost of enlargement is often cited as another reason it is not politically plausible. To add new members, NATO would need to extend its military infrastructure, upgrade these states' military capabilities, and perhaps improve the forces of the current allies to make the security guarantees more meaningful. Critics contend that with both polit-

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ical parties committed to a balanced budget, Congress will balk at paying the U.S. share of these improvements, which will run into the "tens of billions of dollars," as one House member has claimed.

But cost is not likely to be as large an obstacle to ratification as critics assume. RAND analysts Ronald Asmus and Richard Kugler recently estimated that the expenses associated with enlargement would amount to between $10 billion and $50 billion over 10 to 15 years, depending on the force posture adopted. They conclude that the most likely figure is approximately $42 billion, with a U.S. slice of about $1 billion annually. This is a large sum, but it is less than one-half of one percent of the current U.S. defense budget and only a fraction of the $7 billion Congress added to this year's Pentagon budget.

Cost concerns may affect implementation of NATO enlargement more than ratification. It is one thing to make commitments and another to pay for them. Shortly after the Senate approved the North Atlantic Treaty, which created NATO, Truman sent Congress a request for $1.4 billion in military assistance for the new allies. Senator Arthur Vandenberg (R-Mich.), who had delivered the Republican support for the treaty, suddenly came out against the funding package, and Truman had to modify his request. Today, cost might not derail enlargement, for Congress may choose to acknowledge deficit pressures by reducing the accompanying military assistance.

The higher defense appropriations that NATO enlargement would entail may even become the basis for a broader coalition in favor of ratification. This year congressional hawks coerced Clinton into acceding to their demand for a higher Pentagon budget by making funding for the Bosnian mission contingent on it. In a recent speech endorsing enlargement, House Speaker Newt Gingrich hinted that the G.O.P. might seek a similar exchange in the future: "If you are going to think that [enlargement] through," he said, "you are not going to cut the defense budget."

MISLEADING POLLS

Critics of enlargement have also maintained that the American public, scarred by the deaths of U.S. soldiers in Somalia, is unlikely to countenance extending NATO and its security guarantees eastward in the absence of a revived Russian threat. To bolster this argument, they cite survey results, such as a 1994 Chicago Council on Foreign Relations poll which found that 50 percent of respondents from the general public would oppose using U.S. troops to defend Poland were Russia to invade, while just 32 percent would support it.

Yet the polling data, on balance, provide stronger evidence that ratification of NATO enlargement is politically achievable. Both the general public and elites continue to express support for NATO, with only a modest falloff since the end of the Cold War. According to the Chicago Council's poll, 61 percent of the public and 63 percent of opinion leaders favor a sustained or increased commitment to NATO, while only 26 percent of the public and 37 percent of elites call for a decreased commitment to or withdrawal from the alliance. The Chicago Council also asked whether NATO should expand to include Poland, Hungary, and the Czech Republic; 42 percent of the public responded affirmatively, with 32 percent opposed,

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while among elites, the margin was 58 percent to 37 percent. An ABC/*Washington Post* poll at the beginning of 1994 showed even stronger public support—a 64 percent to 21 percent margin in favor of admitting these three states. Although the latter poll did not inform respondents that membership would obligate the United States to defend these states against attack, the preference for enlargement in both polls is clear.

Such general support for NATO and enlargement reveals more about the prospects for ratification than does the expressed resistance to sending U.S. forces to defend Poland. With the chances that Russia would invade Poland so apparently remote, it is hardly surprising that respondents would not favor using U.S. troops in that case. More important, polls indicate that the public would not favor deploying U.S. forces even in some circumstances in which the United States has long-standing commitments and in which the use of its troops would be almost automatic. For example, the Chicago Council found that the public would, by a margin of 48 percent to 39 percent, oppose dispatching U.S. troops if North Korea attacked South Korea.

In the end, it is wise to discount all these polls. The relationship between public opinion and official action on specific foreign initiatives has always been complex, and with concern over foreign affairs at historic lows, the relationship has often been downright nonlinear. In 1993 Congress voted for major increases in aid to the former Soviet states despite public opposition, and it has slashed the U.S. contribution to the United Nations even though public support for that organization is high (it gets better ratings than NATO or Congress itself). With so little public attention devoted to foreign policy and with the public's knowledge of NATO limited—throughout the Cold War, between 40 and 50 percent of Americans did not even know Russia was not a NATO member—elected officials have little fear of retribution through the ballot. Presidential leadership, the views of foreign policy elites, and the highly motivated voters of Central and East European descent will be the keys to American approval of enlargement.

Critics of enlargement argue, oddly, that this ethnic bloc—there are almost 10 million Polish-Americans and nearly 20 million Americans with origins in the region—is both extremely powerful and very weak. They claim the ethnic vote has been influential enough to trigger a bidding war between the administration and congressional Republicans over which is more pro-enlargement, yet they also contend that this bloc, less than six percent of the electorate, is too small to force enlargement through Congress, especially once the cost becomes clear. This analysis shows little understanding of how ethnic groups have historically influenced American foreign policy. If ethnic population figures were all that mattered, the United States would give Africa five times as much aid as Israel.

In fact, Central and East European ethnic voters will have a significant impact on the NATO enlargement debate. The low salience of the issue makes the politics of ratification vulnerable to the sway of ethnic interest groups: the less the general public cares about an issue, the greater the influence of those who care a great deal. Moreover, Central and East European ethnics are concentrated

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in 14 Midwestern and Northeastern states, which include key battlegrounds this fall and account for 194 electoral votes.

The most important variables affecting an ethnic group's influence on foreign policy are the intensity of its political efforts and the degree to which its goals align with U.S. security interests. The disparity between aid to the Mideast and Africa, after all, derives largely from the passion the Jewish community brings to Israel's cause and the different stakes for U.S. security in the two regions. In the case of NATO enlargement, U.S. security interests are extensive; Central and Eastern Europe played a key role in triggering both world wars as well as the Cold War. And although many ethnic voters will, no doubt, cast their ballots based on the security of their jobs rather than the security of their homeland's borders, major ethnic organizations, such as the Polish American Congress, have devoted great attention to enlargement. On the hustings, both Clinton and Bob Dole, the presumptive Republican presidential nominee, can be expected to stress their commitment to extending the alliance eastward.

POTENTIAL PITFALLS

Yet ratification of NATO enlargement is hardly a foregone conclusion, as many of its advocates assume. The stumbling block will not be America's allegedly isolationist mood, the favorite scapegoat of frustrated internationalists these days. That mood is a myth. Two-thirds of Americans, the same as during the Cold War, want the United States to play "an active role" in world affairs. In fact, the greatest political danger to internationalist initiatives comes from fellow internationalists. Some contend that adding new states to NATO in the near term will isolate Moscow, inflame Russian nationalism, unhinge strategic and conventional arms control agreements, create a security vacuum among those states not initially invited into the alliance, and renew Cold War divisions. Only if signs of Russian revanchism become clear should NATO pursue enlargement, they argue, and some urge the transatlantic community to replace NATO with a pan-European collective security system.

The main proponents of this view in the Senate will be liberal-to-moderate Democrats. In a 1994 Senate vote on provisions offering military supplies to the Visegrád states, 21 Democrats joined one Republican in voting against the amendment. Voicing a sentiment common among enlargement skeptics, internationalist Senator Claiborne Pell (D-R.I.) explained his opposition: "I am concerned by any attempt to draw unnecessary lines in a newly undivided Europe."

Other internationalists worry that the initiative will drain money from an already underfunded and overextended Pentagon. Some Armed Services Committee members will raise this objection, and tepid support for enlargement among senior military officials would bolster their argument. Senator Sam Nunn (D-Ga.), the ranking Democrat on the Senate Armed Services Committee, expressed both types of internationalist concerns last year: "By forcing the pace of NATO enlargement at a volatile and unpredictable moment in Russia's history, we could place ourselves in the worst of all security environments: rapidly declining defense budgets, broader responsibilities, and heightened instability."

Such comments hark back to the alliance's creation. Despite the lopsided

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82-13 Senate vote in favor of ratification of the North Atlantic Treaty, the Truman administration faced opposition from three elements: isolationists, defense hawks, and liberal internationalists. This political triangle shows signs of forming again, possibly more potently than in 1949. In a debate on the Senate floor last October, Kay Bailey Hutchison (R-Tex.), a member of the Armed Services Committee, noted the impact of enlargement on the Pentagon, while Nunn joined moderate Republican Nancy Kassebaum of Kansas and fellow Democrat J. Bennett Johnston of Louisiana in raising questions about the plan's impact on international relations. Nunn, Kassebaum, Johnston, and Pell will all retire this year, and defense-oriented senators may rally behind ratification if the vote comes to be seen not as a limited policy decision but as a broader referendum on whether the United States should continue to lead NATO or even remain a member. Still, it does not take much speculative math—perhaps 20 Democrats plus 14 G.O.P. defense hawks or isolationists—to conclude that the 34 votes needed to kill NATO enlargement are not beyond reach.

Those in the administration and elsewhere who believe the debate is over and ratification assured are fooling themselves. Their inattention to the emerging political environment could give opponents an early and possibly decisive jump; the same error nearly defeated the North American Free Trade Agreement in 1993. Conversely, those who would blame isolationism for threatening enlargement are pointing a finger in the wrong direction. Although foreign capitals might interpret the rejection of enlargement as a repeat of the 1920s, the decisive negative votes would come not from the descendants of those who sank the League of Nations, but from the heirs of its authors.

DANGEROUS STORIES

The final hazard for the ratification of enlargement stems from Congress' greater assertiveness, partisan fervor, and volatility on foreign affairs issues since the end of the Cold War. More peace on earth has always meant less peace on foreign policy matters down the length of Pennsylvania Avenue, and the 104th Congress has produced post–World War II lows in bipartisanship and congressional support for the White House on key national security votes. The new mood has less to do with isolationism than with oppositionism, since Congress now often calls for more activism when the White House seems hesitant, as when it insisted on an end to the Bosnian arms embargo and a stronger commitment to Taiwan's defense.

The atmosphere in Congress is also increasingly volatile. When the Contract With America's provisions advocating immediate NATO enlargement came before the House in February 1995, second-term Representative John Linder (R-Ga.) supported them. Last December, however, responding to the argument that NATO's credibility depended on a U.S. presence in Bosnia, Linder said, "It is time to recognize that NATO expired in August 1989. It is time for us to give it a decent burial, with full military honors." This dramatic reversal on NATO—from enlargement to interment in just ten months—should serve as a warning to all who think they can take congressional support for granted. If Clinton is reelected, many Republican supporters may defect from the enlargement effort,

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citing their concern that it would transform NATO from a shield for collective defense into a peacekeeping morass.

The challenge for a Dole or Clinton administration will be to hold on to as many members from the opposing party as possible. Certainly, many other factors will influence the U.S. politics of NATO enlargement: European views, the progress of reform in Central and Eastern Europe, events in Russia and Bosnia, and the reaction of Ukraine, the Baltic States, and others not likely to be among the first welcomed into the alliance. However, while the admission of new NATO members faces pitfalls, it is politically feasible, especially if the next president embraces it as a personal project and works closely with congressional leaders of both parties. All this does not prove that enlargement is the right policy for the United States; we do not choose a path simply because we can. But there is little reason to refrain from pursuing it out of fear that the national mood cannot support it.

That conclusion has implications beyond NATO enlargement. The stories about our national will that we Americans tell ourselves powerfully shape the security policies of the United States and countries around the world. But false stories are dangerous and must be corrected early. By misjudging its political will, the United States narrows its options and undermines its interests. A good foreign policy must begin with the command, "Know thyself."

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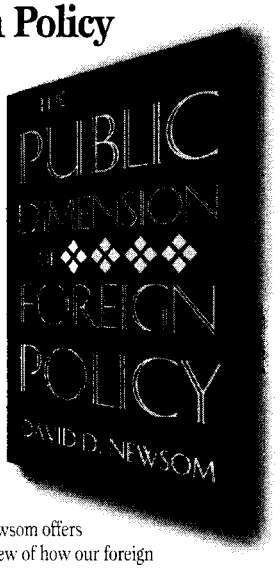
David D. Newsom



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Ronald Reagan refused to accept the limits on American power that others assumed were fixed.

Toward a Neo-Reaganite Foreign Policy *William Kristol and Robert Kagan* 18
A Post-Heroic Military Policy *Edward N. Luttwak* 33
The Rise of the Virtual State *Richard Rosecrance* 45

REPORTS FROM THE SCENE

Cuba Refrozen *David Rieff* 62
Taiwan's New Nationalists *Ian Buruma* 77

Mexico's Circle of Misery *Jorge G. Castañeda* 92
Asia, a Civilization in the Making *Masakazu Yamazaki* 106

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Toward a Neo-Reaganite Foreign Policy

William Kristol and Robert Kagan

THE TEPID CONSENSUS

IN FOREIGN policy, conservatives are adrift. They disdain the Wilsonian multilateralism of the Clinton administration; they are tempted by, but so far have resisted, the neoisolationism of Patrick Buchanan; for now, they lean uncertainly on some version of the conservative "realism" of Henry Kissinger and his disciples. Thus, in this year's election campaign, they speak vaguely of replacing Clinton's vacillation with a steady, "adult" foreign policy under Robert Dole. But Clinton has not vacillated that much recently, and Dole was reduced a few weeks ago to asserting, in what was heralded as a major address, that there really are differences in foreign policy between him and the president, appearances to the contrary notwithstanding. But the fault is not Dole's; in truth, there has been little attempt to set forth the outlines of a conservative view of the world and America's proper role in it.

Is such an attempt necessary, or even possible? For the past few years, Americans, from the foreign policy big-thinker to the man on the street, have assumed it is not. Rather, this is supposed to be a time for unshouldering the vast responsibilities the United States acquired at the end of the Second World War and for concentrating its energies at home. The collapse of the Soviet Empire has made possible a "return to

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normalcy" in American foreign and defense policy, allowing the adoption of a more limited definition of the national interest, with a commensurate reduction in overseas involvement and defense spending.

Republicans and conservatives at first tended to be wary of this new post–Cold War consensus. But they joined it rapidly after 1992, in the wake of the defeat of the quintessential "foreign policy president" by a candidate who promised to focus "like a laser" on the domestic economy. Now conservatives tailor their foreign and defense policies to fit the presumed new political reality: an American public that is indifferent, if not hostile, to foreign policy and commitments abroad, more interested in balancing the budget than in leading the world, and more intent on cashing in the "peace dividend" than on spending to deter and fight future wars. Most conservatives have chosen to acquiesce in rather than challenge this public mood.

In a way, the current situation is reminiscent of the mid-1970s. But Ronald Reagan mounted a bold challenge to the tepid consensus of that era—a consensus that favored accommodation to and coexistence with the Soviet Union, accepted the inevitability of America's declining power, and considered any change in the status quo either too frightening or too expensive. Proposing a controversial vision of ideological and strategic victory over the forces of international communism, Reagan called for an end to complacency in the face of the Soviet threat, large increases in defense spending, resistance to communist advances in the Third World, and greater moral clarity and purpose in U.S. foreign policy. He championed American exceptionalism when it was deeply unfashionable. Perhaps most significant, he refused to accept the limits on American power imposed by the domestic political realities that others assumed were fixed.

Many smart people regarded Reagan with scorn or alarm. Liberal Democrats still reeling from the Vietnam War were, of course, appalled by his zealotry. So were many of Reagan's fellow Republicans, especially the Kissingerian realists then dominant in foreign affairs. Reagan declared war on his own party, took on Gerald Ford for the 1976 Republican presidential nomination (primarily over issues of foreign policy), and trained his guns on Kissinger, whose stewardship of U.S. foreign policy, he charged, had "coincided precisely with the loss of U.S. military supremacy." Although Reagan lost the battle to

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unseat Ford, he won the fight at the Republican convention for a platform plank on "morality in foreign policy." Ultimately, he succeeded in transforming the Republican party, the conservative movement in America, and, after his election to the presidency in 1980, the country and the world.

BENEVOLENT HEGEMONY

TWENTY YEARS later, it is time once again to challenge an indifferent America and a confused American conservatism. Today's lukewarm consensus about America's reduced role in a post–Cold War world is wrong. Conservatives should not accede to it; it is bad for the country and, incidentally, bad for conservatism. Conservatives will not be able to govern America over the long term if they fail to offer a more elevated vision of America's international role.

What should that role be? Benevolent global hegemony. Having defeated the "evil empire," the United States enjoys strategic and ideological predominance. The first objective of U.S. foreign policy should be to preserve and enhance that predominance by strengthening America's security, supporting its friends, advancing its interests, and standing up for its principles around the world.

The aspiration to benevolent hegemony might strike some as either hubristic or morally suspect. But a hegemon is nothing more or less than a leader with preponderant influence and authority over all others in its domain. That is America's position in the world today. The leaders of Russia and China understand this. At their April summit meeting, Boris Yeltsin and Jiang Zemin joined in denouncing "hegemonism" in the post–Cold War world. They meant this as a complaint about the United States. It should be taken as a compliment and a guide to action.

Consider the events of just the past six months, a period that few observers would consider remarkable for its drama on the world stage. In East Asia, the carrier task forces of the U.S. Seventh Fleet helped deter Chinese aggression against democratic Taiwan, and the 35,000 American troops stationed in South Korea helped deter a possible invasion by the rulers in Pyongyang. In Europe, the United States sent 20,000 ground troops to implement a peace agreement in the former Yugoslavia, maintained 100,000 in Western Europe as a symbolic

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commitment to European stability and security, and intervened diplomatically to prevent the escalation of a conflict between Greece and Turkey. In the Middle East, the United States maintained the deployment of thousands of soldiers and a strong naval presence in the Persian Gulf region to deter possible aggression by Saddam Hussein's Iraq or the Islamic fundamentalist regime in Iran, and it mediated in the conflict between Israel and Syria in Lebanon. In the Western Hemisphere, the United States completed the withdrawal of 15,000 soldiers after restoring a semblance of democratic government in Haiti and, almost without public notice, prevented a military coup in Paraguay. In Africa, a U.S. expeditionary force rescued Americans and others trapped in the Liberian civil conflict.

Americans fail to notice that they have never had it so good.

These were just the most visible American actions of the past six months, and just those of a military or diplomatic nature. During the same period, the United States made a thousand decisions in international economic forums, both as a government and as an amalgam of large corporations and individual entrepreneurs, that shaped the lives and fortunes of billions around the globe. America influenced both the external and internal behavior of other countries through the International Monetary Fund and the World Bank. Through the United Nations, it maintained sanctions on rogue states such as Libya, Iran, and Iraq. Through aid programs, the United States tried to shore up friendly democratic regimes in developing nations. The enormous web of the global economic system, with the United States at the center, combined with the pervasive influence of American ideas and culture, allowed Americans to wield influence in many other ways of which they were were entirely unconscious. The simple truth of this era was stated last year by a Serb leader trying to explain Slobodan Milošević's decision to finally seek rapprochement with Washington. "As a pragmatist," the Serbian politician said, "Milošević knows that all satellites of the United States are in a better position than those that are not satellites."

And America's allies are in a better position than those who are not its allies. Most of the world's major powers welcome U.S. global involvement and prefer America's benevolent hegemony to the alter-

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natives. Instead of having to compete for dominant global influence with many other powers, therefore, the United States finds both the Europeans and the Japanese—after the United States, the two most powerful forces in the world—supportive of its world leadership role. Those who anticipated the dissolution of these alliances once the common threat of the Soviet Union disappeared have been proved wrong. The principal concern of America's allies these days is not that it will be too dominant but that it will withdraw.

Somehow most Americans have failed to notice that they have never had it so good. They have never lived in a world more conducive to their fundamental interests in a liberal international order, the spread of freedom and democratic governance, an international economic system of free-market capitalism and free trade, and the security of Americans not only to live within their own borders but to travel and do business safely and without encumbrance almost anywhere in the world. Americans have taken these remarkable benefits of the post–Cold War era for granted, partly because it has all seemed so easy. Despite misguided warnings of imperial overstretch, the United States has so far exercised its hegemony without any noticeable strain, and it has done so despite the fact that Americans appear to be in a more insular mood than at any time since before the Second World War. The events of the last six months have excited no particular interest among Americans and, indeed, seem to have been regarded with the same routine indifference as breathing and eating.

And that is the problem. The most difficult thing to preserve is that which does not appear to need preserving. The dominant strategic and ideological position the United States now enjoys is the product of foreign policies and defense strategies that are no longer being pursued. Americans have come to take the fruits of their hegemonic power for granted. During the Cold War, the strategies of deterrence and containment worked so well in checking the ambitions of America's adversaries that many American liberals denied that our adversaries had ambitions or even, for that matter, that America had adversaries. Today the lack of a visible threat to U.S. vital interests or to world peace has tempted Americans to absentmindedly dismantle the material and spiritual foundations on which their national well-being has been based. They do not notice that potential

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challengers are deterred before even contemplating confrontation by their overwhelming power and influence.

The ubiquitous post–Cold War question—where is the threat?—is thus misconceived. In a world in which peace and American security depend on American power and the will to use it, the main threat the United States faces now and in the future is its own weakness. American hegemony is the only reliable defense against a breakdown of peace and international order. The appropriate goal of American foreign policy, therefore, is to preserve that hegemony as far into the future as possible. To achieve this goal, the United States needs a neo-Reaganite foreign policy of military supremacy and moral confidence.

THREE IMPERATIVES

SETTING FORTH the broad outlines of such a foreign policy is more important for the moment than deciding the best way to handle all the individual issues that have preoccupied U.S. policymakers and analysts. Whether or not the United States continues to grant most-favored-nation status to China is less important than whether it has an overall strategy for containing, influencing, and ultimately seeking to change the regime in Beijing. Whether NATO expands this year or five years from now is less important than whether NATO remains strong, active, cohesive, and under decisive American leadership. Whether America builds 20 B-2 bombers or 30 is less important than giving its military planners enough money to make intelligent choices that are driven more by strategic than by budget requirements. But it is clear that a neo-Reaganite foreign policy would have several implications.

The defense budget. Republicans declared victory last year when they added $7 billion to President Clinton's defense budget. But the hard truth is that Washington—now spending about $260 billion per year on defense—probably needs to spend about $60-$80 billion more each year in order to preserve America's role as global hegemon. The United States currently devotes about three percent of its GNP to defense. U.S. defense planners, who must make guesses about a future that is impossible to predict with confidence, are increasingly being forced to place all their chips on one guess or another. They are being asked to predict whether the future is likely to bring more

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conflicts like the Gulf War or peacekeeping operations like those in Bosnia and Haiti, or more great-power confrontations similar to the Cold War. The best answer to these questions is: who can tell? The odds are that in the coming decades America may face all these kinds of conflict, as well as some that have yet to be imagined.

For the past few years, American military supremacy has been living off a legacy, specifically, the legacy of Ronald Reagan. As former Chairman of the Joint Chiefs of Staff General Colin Powell once noted, it was Reagan's military, built in the 1980s to deter the Soviet Union, that won the war against Iraq. No serious analyst of American military capabilities today doubts that the defense budget has been cut much too far to meet America's responsibilities to itself and to world peace. The United States may no longer have the wherewithal to defend against threats to America's vital interests in Europe, Asia, and the Middle East, much less to extend America's current global preeminence well into the future.

No serious analyst doubts that defense has been cut too much.

The current readiness of U.S. forces is in decline, but so is their ability to maintain an advantage in high-technology weapons over the coming decades. In the search for some way to meet extensive strategic requirements with inadequate resources, defense planners have engaged in strategic fratricide. Those who favor current readiness have been pitted against those who favor high-tech research and development; those who favor maintaining American forward deployment at bases around the world have been arrayed against those who insist that for the sake of economizing the job be accomplished at long range without bases. The military is forced to choose between army combat divisions and the next generation of bombers, between lift capacities and force projection, between short-range and long-range deterrence. Constructing a military force appropriate to a nation's commitments and its resources is never an easy task, and there are always limits that compel difficult choices. But today's limits are far too severe; the choices they compel are too dramatic; and because military strategy and planning are far from exact sciences, the United States is dangerously cutting its margin for error.

The defense budget crisis is now at hand. Chairman of the Joint Chiefs General John Shalikashvili has complained that the weapons

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procurement budget has been reduced to perilously low levels, and he has understated the problem. Since 1985, the research and development budget has been cut by 57 percent; the procurement budget has been cut 71 percent. Both the Clinton administration and the Republican Congress have achieved budget savings over the next few years by pushing necessary procurement decisions into the next century. The Clinton administration's so-called "Bottom-Up Review" of U.S. defense strategy has been rightly dismissed by Democrats like Senate Armed Services Committee member Joseph Lieberman (D-Conn.) as "already inadequate to the present and certainly to the future." Both the General Accounting Office and the Congressional Budget Office have projected a shortfall of $50 billion to $100 billion over the next five years in funding just for existing force levels and procurement plans.

The defense budget crisis is now at hand.

These shortfalls do not even take into account the development of new weapons, like a missile defense system capable of protecting American territory against missiles launched from rogue states such as North Korea or shielding, say, Los Angeles from nuclear intimidation by the Chinese during the next crisis in the Taiwan Strait. Deployment of such a system could cost more than $10 billion a year.

Add together the needed increases in the procurement budget called for by the Joint Chiefs of Staff and the justifiable increases in funding for existing forces to make up the shortfalls identified by the GAO and the CBO, and it becomes obvious that an increase in defense spending by $60 billion to $80 billion is not a radical proposal. It is simply what the United States will require to keep the peace and defend its interests over the coming decades.

If this number sounds like a budget-buster, it should not. Today, defense spending is less than 20 percent of the total federal budget. In 1962, before the Vietnam War, defense spending ran at almost 50 percent of the overall budget. In 1978, before the Carter-Reagan defense buildup, it was about 23 percent. Increases of the size required to pursue a neo-Reaganite foreign policy today would require returning to about that level of defense spending—still less than one-quarter of the federal budget.

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These days, some critics complain about the fact that the United States spends more on defense than the next six major powers combined. But the enormous disparity between U.S. military strength and that of any potential challenger is a good thing for America and the world. After all, America's world role is entirely different from that of the other powers. The more Washington is able to make clear that it is futile to compete with American power, either in size of forces or in technological capabilities, the less chance there is that countries like China or Iran will entertain ambitions of upsetting the present world order. And that means the United States will be able to save money in the long run, for it is much cheaper to deter a war than to fight one. Americans should be glad that their defense capabilities are as great as the next six powers combined. Indeed, they may even want to enshrine this disparity in U.S. defense strategy. Great Britain in the late 19th century maintained a "two-power standard" for its navy, insisting that at all times the British navy should be as large as the next two naval powers combined, whoever they might be. Perhaps the United States should inaugurate such a two- (or three-, or four-) power standard of its own, which would preserve its military supremacy regardless of the near-term global threats.

America could enshrine its huge military lead as a defense strategy.

Citizen involvement. A gap is growing, meanwhile, between America's professional military, uncomfortable with some of the missions that the new American role requires, and a civilian population increasingly unaware of or indifferent to the importance of its military's efforts abroad. U.S. military leaders harbor justifiable suspicions that while they serve as a kind of foreign legion, doing the hard work of American-style "empire management," American civilians at home, preoccupied with the distribution of tax breaks and government benefits, will not come to their support when the going gets tough. Weak political leadership and a poor job of educating the citizenry to the responsibilities of global hegemony have created an increasingly distinct and alienated military culture. Ask any mechanic or mess boy on an aircraft carrier why he is patrolling the oceans, and he can give a more sophisticated explanation of power projection than

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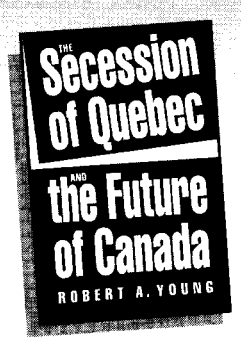

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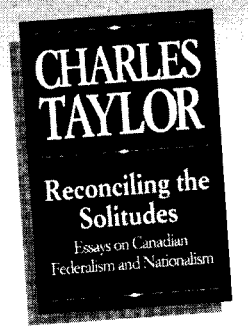

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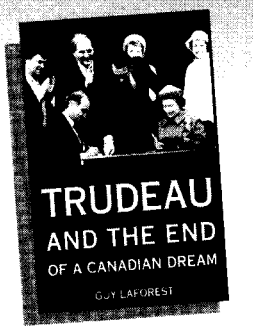

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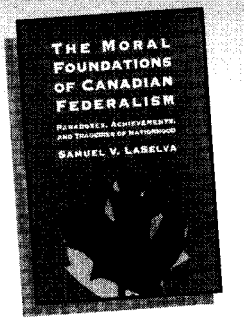

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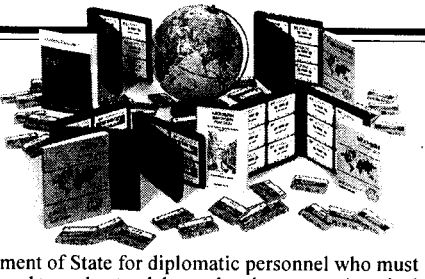

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99 percent of American college graduates. It is foolish to imagine that the United States can lead the world effectively while the overwhelming majority of the population neither understands nor is involved, in any real way, with its international mission.

The president and other political leaders can take steps to close the growing separation of civilian and military cultures in our society. They can remind civilians of the sacrifices being made by U.S. forces overseas and explain what those sacrifices are for. A clear statement of America's global mission can help the public understand why U.S. troops are deployed overseas and can help reassure military leaders of public support in difficult circumstances. It could also lay the groundwork for reasserting more comprehensive civilian control over the military.

Civilians should learn to appreciate the sacrifices of the military.

There could be further efforts to involve more citizens in military service. Perhaps the United States has reached the point where a return to the draft is not feasible because of the high degree of professionalization of the military services. But there are other ways to lower the barriers between civilian and military life. Expanded forms of reserve service could give many more Americans experience of the military and an appreciation of military virtues. Conservatives preach that citizenship is not only about rights but also about responsibilities. There is no more profound responsibility than the defense of the nation and its principles.

Moral clarity. Finally, American foreign policy should be informed with a clear moral purpose, based on the understanding that its moral goals and its fundamental national interests are almost always in harmony. The United States achieved its present position of strength not by practicing a foreign policy of live and let live, nor by passively waiting for threats to arise, but by actively promoting American principles of governance abroad—democracy, free markets, respect for liberty. During the Reagan years, the United States pressed for changes in right-wing and left-wing dictatorships alike, among both friends and foes—in the Philippines, South Korea, Eastern Europe and even the Soviet Union. The purpose was not Wilsonian idealistic whimsy. The policy of putting pressure on authoritarian and totalitarian regimes

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had practical aims and, in the end, delivered strategic benefits. Support for American principles around the world can be sustained only by the continuing exertion of American influence. Some of that influence comes from the aid provided to friendly regimes that are trying to carry out democratic and free market reforms. However strong the case for reform of foreign aid programs, such programs deserve to be maintained as a useful way of exerting American influence abroad. And sometimes that means not just supporting U.S. friends and gently pressuring other nations but actively pursuing policies—in Iran, Cuba, or China, for instance—ultimately intended to bring about a change of regime. In any case, the United States should not blindly "do business" with every nation, no matter its regime. Armand Hammerism should not be a tenet of conservative foreign policy.

FROM NSC-68 TO 1996

THIS SWEEPING, neo-Reaganite foreign policy agenda may seem ambitious for these tepid times. Politicians in both parties will protest that the American people will not support the burdens of such a policy. There are two answers to this criticism.

First, it is already clear that, on the present course, Washington will find it increasingly impossible to fulfill even the less ambitious foreign policies of the realists, including the defense of so-called "vital" interests in Europe and Asia. Without a broad, sustaining foreign policy vision, the American people will be inclined to withdraw from the world and will lose sight of their abiding interest in vigorous world leadership. Without a sense of mission, they will seek deeper and deeper cuts in the defense and foreign affairs budgets and gradually decimate the tools of U.S. hegemony.

Consider what has happened in only the past few years. Ronald Reagan's exceptionalist appeal did not survive the presidency of George Bush, where self-proclaimed pragmatists like James Baker found it easier to justify the Gulf War to the American people in terms of "jobs" than as a defense of a world order shaped to suit American interests and principles. Then, having discarded the overarching Reaganite vision that had sustained a globally active foreign policy through the last decade of the Cold War, the Bush adminis-

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tration in 1992 saw its own prodigious foreign policy successes swept into the dustbin by Clinton political adviser James Carville's campaign logic: "It's the economy, stupid." By the time conservatives took their seats as the congressional opposition in 1993, they had abandoned not only Reaganism but to some degree foreign policy itself.

Now the common wisdom holds that Dole's solid victory over Buchanan in the primaries constituted a triumphant reassertion of conservative internationalism over neoisolationism. But the common wisdom may prove wrong. On the stump during the Republican primaries this year, what little passion and energy there was on foreign policy issues came from Buchanan and his followers. Over the past four years Buchanan's fiery "America First" rhetoric has filled the vacuum among conservatives created by the abandonment of Reagan's very different kind of patriotic mission. It is now an open question how long the beleaguered conservative realists will be able to resist the combined assault of Buchanan's "isolationism of the heart" and the Republican budget hawks on Capitol Hill.

History also shows, however, that the American people can be summoned to meet the challenges of global leadership if statesmen make the case loudly, cogently, and persistently. As troubles arise and the need to act becomes clear, those who have laid the foundation for a necessary shift in policy have a chance to lead Americans onto a new course. In 1950, Paul Nitze and other Truman administration officials drafted the famous planning document NSC-68, a call for an all-out effort to meet the Soviet challenge that included a full-scale ideological confrontation and massive increases in defense spending. At first, their proposals languished. President Truman, worried about angering a hostile, budget-conscious Congress and an American public which was enjoying an era of peace and prosperity, for months refused to approve the defense spending proposals. It took the North Korean invasion of South Korea to allow the administration to rally support for the prescriptions of NSC-68. Before the Korean War, American politicians were fighting over whether the defense budget ought to be $15 billion or $16 billion; most believed more defense spending would bankrupt the nation. The next year, the defense budget was over $50 billion.

A similar sequence of events unfolded in the 1970s. When Reagan and the "Scoop" Jackson Democrats began sounding the alarm about

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the Soviet danger, the American public was not ready to listen. Then came the Soviet invasion of Afghanistan and the seizure of American hostages in Iran. By the time Jimmy Carter professed to have learned more about the Soviet Union than he had ever known before, Reagan and his fellow conservatives in both parties had laid the intellectual foundation for the military buildup of the 1980s.

AN ELEVATED PATRIOTISM

IN THEORY, either party could lay the groundwork for a neo-Reaganite foreign policy over the next decade. The Democrats, after all, led the nation to assume its new global responsibilities in the late 1940s and early 1950s under President Truman and Secretary of State Dean Acheson. It is unlikely, however, that they are prepared to pursue such a course today. Republicans may have lost their way in the last few years, but the Democrats are still recovering from their post-Vietnam trauma of two decades ago. President Clinton has proved a better manager of foreign policy than many expected, but he has not been up to the larger task of preparing and inspiring the nation to embrace the role of global leadership. He, too, has tailored his internationalist activism to fit the constraints of a popular mood that White House pollsters believe is disinclined to sacrifice blood and treasure in the name of overseas commitments. His Pentagon officials talk more about exit strategies than about national objectives. His administration has promised global leadership on the cheap, refusing to seek the levels of defense spending needed to meet the broad goals it claims to want to achieve in the world. Even Clinton's boldest overseas adventures, in Bosnia and Haiti, have come only after strenuous and prolonged efforts to avoid intervention.

Republicans are surely the genuine heirs to the Reagan tradition. The 1994 election is often said to have represented one last victory for Ronald Reagan's domestic agenda. But Reagan's earlier successes rested as much on foreign as on domestic policy. Over the long term, victory for American conservatives depends on recapturing the spirit of Reagan's foreign policy as well.

Indeed, American conservatism cannot govern by domestic policy alone. In the 1990s conservatives have built their agenda on two pil-

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lars of Reaganism: relimiting government to curtail the most intrusive and counterproductive aspects of the modern welfare state, and reversing the widespread collapse of morals and standards in American society. But it is hard to imagine conservatives achieving a lasting political realignment in this country without the third pillar: a coherent set of foreign policy principles that at least bear some resemblance to those propounded by Reagan. The remoralization of America at home ultimately requires the remoralization of American foreign policy. For both follow from Americans' belief that the principles of the Declaration of Independence are not merely the choices of a particular culture but are universal, enduring, "self-evident" truths. That has been, after all, the main point of the conservatives' war against a relativistic multiculturalism. For conservatives to preach the importance of upholding the core elements of the Western tradition at home, but to profess indifference to the fate of American principles abroad, is an inconsistency that cannot help but gnaw at the heart of conservatism.

American conservatism cannot govern by domestic policy alone.

Conservatives these days succumb easily to the charming old metaphor of the United States as a "city on a hill." They hark back, as George Kennan did in these pages not long ago, to the admonition of John Quincy Adams that America ought not go "abroad in search of monsters to destroy." But why not? The alternative is to leave monsters on the loose, ravaging and pillaging to their hearts' content, as Americans stand by and watch. What may have been wise counsel in 1823, when America was a small, isolated power in a world of European giants, is no longer so, when America is the giant. Because America has the capacity to contain or destroy many of the world's monsters, most of which can be found without much searching, and because the responsibility for the peace and security of the international order rests so heavily on America's shoulders, a policy of sitting atop a hill and leading by example becomes in practice a policy of cowardice and dishonor.

And more is at stake than honor. Without a broader, more enlightened understanding of America's interests, conservatism will too easily degenerate into the pinched nationalism of Buchanan's "America

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First," where the appeal to narrow self-interest masks a deeper form of self-loathing. A true "conservatism of the heart" ought to emphasize both personal and national responsibility, relish the opportunity for national engagement, embrace the possibility of national greatness, and restore a sense of the heroic, which has been sorely lacking in American foreign policy—and American conservatism—in recent years. George Kennan was right 50 years ago in his famous "X" article: the American people ought to feel a "certain gratitude to a Providence, which by providing [them] with this implacable challenge, has made their entire security as a nation dependent on pulling themselves together and accepting the responsibilities of moral and political leadership that history plainly intended them to bear." This is as true today—if less obviously so—as it was at the beginning of the Cold War.

Teddy Roosevelt c. 1898

A neo-Reaganite foreign policy would be good for conservatives, good for America, and good for the world. It is worth recalling that the most successful Republican presidents of this century, Theodore Roosevelt and Ronald Reagan, both inspired Americans to assume cheerfully the new international responsibilities that went with increased power and influence. Both celebrated American exceptionalism. Both made Americans proud of their leading role in world affairs. Deprived of the support of an elevated patriotism, bereft of the ability to appeal to national honor, conservatives will ultimately fail in their effort to govern America. And Americans will fail in their responsibility to lead the world.

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A Post-Heroic Military Policy

Edward N. Luttwak

THE NEW SEASON OF BELLICOSITY

THE STRATEGIC culture of the Cold War combined great eagerness to accumulate weapons with great caution in their use. Fearing that any act of war might start a progression of moves and countermoves leading to catastrophe, the nuclear powers strenuously avoided any direct combat with each other. There were many wars, but the remarkably deliberate and controlled behavior that became a new norm for nations around the world deterred the thoughtless escalation of confrontation and the eruption of war through sheer miscalculation. With the end of the Cold War, the size of armed forces, military expenditures, fear of nuclear attack, and learned habits of restraint are all much diminished. Today, disputes over minor diplomatic aims or mere posturing for domestic constituencies are enough to provoke reckless displays of bellicosity or imprudence. Thus China advanced its claim of sovereignty over Taiwan in March with military exercises that were clearly meant to be as alarming as possible. For their part, Taiwan's leaders, in their futile pursuit of U.N. membership, had earlier seen fit to score largely symbolic diplomatic points in defiance of emphatic Chinese warnings—as if there were no danger of war, and the balance of power were nothing more than an academic construct.

Likewise, a long-standing territorial dispute between Greece and Turkey over an islet in the Aegean Sea inhabited only by about a dozen goats quickly escalated in January to a confrontation. Naval forces were deployed in dangerous proximity to each other, accompanied by much nationalist bombast from politicians on both sides

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and frenzied media coverage. A group of Turkish journalists deliberately exacerbated tensions by planting a flag on the ten acres of rock. When a mutual withdrawal of forces was eventually negotiated with U.S. help, Greek editorialists accused newly installed Prime Minister Costas Simitis of treason. The episode was reminiscent of the warmongering press campaigns of the last fin-de-siècle, being not merely prenuclear but pre-1914 in its raw truculence.

The Republic of Korea also asserted a claim earlier this year over small uninhabited islands, in the Sea of Japan. President Kim Young Sam, beleaguered by accusations of corruption, sent warships to the scene against a backdrop of foolhardy taunts and idle threats against Japan in the South Korean media. Pakistan, too, has of late seemed bent on starting a war with India over Kashmir by smuggling in weapons and making inflammatory declarations.

As in prenuclear times, when fighting breaks out there is no great concern by either protagonists or outside powers to limit its scope. Consequently, infantry clashes can escalate directly to aerial bombing, as in the border fighting last year between Ecuador and Peru, or to artillery barrages against cities, as in the diverse struggles within the former Yugoslavia and the former Soviet Union.

None of these quarrels is new. But while the Cold War induced caution, present circumstances evidently do not. A new season of bellicosity is upon us, and it is unlikely to long endure without consequences. Because wars have become less dangerous to fight, the danger that wars will be fought has increased.

When national leaders manufacture or amplify external crises for internal political purposes, as noted above, they rarely intend to start a war. But as each side's gesticulations turn into the other side's perceived threats, confrontations can easily get out of hand. That happened often enough before the Cold War and is now likely to happen again. Indeed, in the case of Ecuador and Peru it has already occurred, not coincidentally when each was in the midst of a presidential campaign.

COLD WAR MINDS

A STRATEGIC environment so greatly transformed calls for an equally transformed U.S. military policy. Certainly there have already

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been important changes. The stock of long-range nuclear weapons has been greatly reduced, and both the defense budget and the number of personnel in the armed forces are considerably smaller than a decade ago. But at a more fundamental level, much remains unchanged and is therefore outdated.

That the end of the Cold War should leave disorientation in its wake was inevitable. Previous great wars entailed strenuous mobilizations, so that in 1918 and 1945 rapid demobilizations naturally ensued once hostilities ended. On both occasions the U.S. military went beyond the steep reduction or outright disbanding of war-inflated forces. It tried to resuscitate prewar routines and customs while attempting to recast doctrines and force structures in light of the presumed lessons of the last war. Thus battleships gave way to aircraft carriers, armored formations became the standard for ground forces, and jet aviation became the norm.

Military forces were thought to be most useful when they were not used.

The Cold War required a vast effort, but well short of an all-out mobilization. When it ended, therefore, there was no overwhelming pressure to drastically demobilize. Nor was there any urge to abandon its peculiar habits and institutions. On the contrary, the U.S. military has striven to preserve continuity in all things and has resisted as much as possible the effects of declining budgets.

Cold War military practices and priorities persist in all sorts of subtle ways because they are embodied in the millions of people who make up the armed forces, the Pentagon's civilian bureaucracies, intelligence organizations, defense laboratories, research centers, and military industries large and small, but mainly because they are simply not recognized as products of that era. The Cold War lasted so long that nobody remembers any prewar normality to which the military should revert. Nor are there are any sharply defined threats to which the military can adjust. A deliberate refusal to break with the past is not the issue, nor is the habitual conservatism of military institutions; the issue is the persistence of unquestioned premises. Because all but the youngest officers and virtually all defense officials were educated throughout their professional lives in the strategic culture of the Cold War, its axioms remain embedded in their mentality.

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Of these axioms, by far the most significant is the paradox of deterrence: military forces are most useful when they are not used at all. Despite this, the U.S. military constantly struggled throughout the Cold War to maintain high standards of combat readiness, essentially as a matter of principle. But this axiom had a powerful effect on all other core policy decisions—on the sizes, roles, and budgets of the branches of the armed forces. The risk of combat casualties faced by different categories of the armed forces varies dramatically. The prospect of high casualties, which can rapidly undermine domestic support for any military operation, is the key political constraint when decisions must be made on which forces to deploy in a crisis, and at what levels. Yet the distinction between forces that are only theoretically available and those that are in fact politically usable in real-life confrontations is still largely disregarded. The composition of U.S. military forces reflects the lingering priorities of the Cold War, when U.S. forces served primarily for deterrence display and self-reassurance. Today, however, the former is largely ineffectual and the latter unnecessary. Calculations of the cost-effectiveness of conventional forces should therefore be governed by their usability. That is far from being the case at present, and the result is a contradictory military policy.

SEND MISSILES

WHEN SENIOR Pentagon officials and military officers discuss how the United States might intervene in this or that outbreak of violence somewhere in the world, the likelihood of combat and the probable magnitude of U.S. casualties are invariably dominant in their deliberations. Hence the usual recommendation of such conclaves is to avoid armed intervention altogether, except for bloodless visits by American naval forces to nearby waters or perhaps reconnaissance flights, if possible by remotely piloted aircraft. If the situation is seen as requiring more forceful action, a strike by cruise missiles launched by ships or submarines from a safe distance might be suggested. Because of the considerable cost and limited supply of cruise missiles, however, only manned aircraft are suitable if more persistent bombardment is required. Yet the Pentagon is extremely reluctant to

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allow their use. The difficulty of finding and hitting specific targets, the possibility that stray bombs will kill innocent civilians, and the strength of enemy antiaircraft defenses are the standard objections, invariably coupled with pessimistic assessments of the likely impact on the enemy and his decisions.

In spite of the Pentagon's huge annual expenditure on airpower, many officers and officials endorse the most critical estimates of its worth and discount claims of its efficacy as "the airpower myth." That was certainly the case during the prolonged controversy from 1992 to 1994 over the use of tactical bombing against Bosnian Serb forces. When the strikes were finally carried out last year, their swift technical and political success surprised the Pentagon, for the accomplishments of airpower in the 1991 Persian Gulf War had been attributed to uniquely favorable circumstances.

Pentagon decision-makers rarely propose the use of ground forces, for which the risk of casualties is inherently high because of their proximity to enemy fire. If the introduction of ground forces is nevertheless advocated by State Department or White House officials, military leaders almost always strongly resist it, arguing for demanding preconditions, beginning with the insistence that "vital" U.S. interests be at stake. With the United States now as secure as it can be in a nuclear world, and with its closest allies largely unthreatened, such a precondition is a virtual prohibition. The United States has all sorts of interests that are or might be threatened, but few can accurately be said to be vital—that is, encompassing the country's very survival.

Should that most stringent prerequisite not suffice, however, the military has others. One is that the goal of any military action be precisely and permanently defined in advance, with no "mission creep" allowed—a demand almost impossible to satisfy in this world of human ambiguities and inconstancies. Another is that a swift and decisive resolution to the conflict be assured, a highly desirable aim to be sure, but one that will always depend on what both sides do and how well they do it. Nor can any results be truly decisive for long. With Iraqi President Saddam Hussein still in power and recurrently threatening Kuwait, was the Persian Gulf War truly decisive?

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PLANNING FOR THE WRONG WARS

YET WHEN SENIOR Pentagon officials and military officers convene to discuss the overall composition of the armed forces rather than their use in combat, the wide variance in the risk of casualties of the different kinds of military forces does not seem to matter very much. To cite the largest differential, Army and Marine Corps troops are the most likely to suffer combat casualties, while long-range missiles are of course immune, and so-called "strategic" bombers expose very few people to enemy attack. If the entire B-2 force now planned were to be deployed in a conflict, the operation would risk the lives of only 32 crew members. Yet under current plans, in 2000 the United States would have the equivalent of 29 divisions of ground forces but only modest numbers of cruise missiles, very few standoff missiles for tactical aircraft, and only six wings of long-range bombers, with 130 aircraft in all.[1] Compare the long-term prorated costs: the annual bill for an active-duty armored or mechanized division is almost $3 billion, and a much smaller light-infantry division requires almost $2 billion, while the average annual cost of the costliest bomber wings, comprised of 16 B-2 bombers, is less than $1 billion. Likewise, for the annual cost of one armored division, the United States could buy more than 2,000 cruise missiles—a truly formidable force, seven times larger than the number launched during the Persian Gulf War.

Ground forces are undoubtedly more versatile than bombers or cruise missiles. Through well-publicized redeployments, bombers can be used as diplomatic instruments during crises, as well as weapons against valuable targets. And cruise missiles have the virtue of being usable in isolation, for one-time strikes. However, none of that compares with the versatility of ground troops across the entire spectrum of conflict, from mere observation for peacekeeping to high-intensity warfare.

Versatility, however, presumes that the ground forces be usable in combat. In reality, political constraints greatly restrict their availability. The best evidence of that, paradoxically, is last year's decision to

[1]"Standoff" missiles are air-to-surface missiles capable of attacking enemy targets from beyond the reach of local air defenses and counterattacks, or from friendly airspace behind a battlefield area.

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send 16,000 troops to Bosnia to oversee the Dayton peace accords. Only after five years of intense national debate, amid countless reports of widespread atrocities and exceptionally destructive warfare, was the Pentagon's opposition to the deployment overcome. Even then, very restrictive conditions were imposed: a rigid one-year time limit and an equally rigid troop limit.

No adversary, should any emerge, need fear that attacking U.S. troops would only provoke the arrival of more U.S. troops. Thus the deterrent effect normally inherent in a great power expedition—the high risk that attacks against it may well backfire by provoking an expansion of the force and its role—was renounced at the start. With that risk removed, the danger to the troops in Bosnia would be correspondingly increased were it not for the time limit, which invites prospective troublemakers to wait a while before acting. That constraint makes it more likely that the expedition will have a violent aftermath, and will thus be seen as futile. Both restrictions may yet prove unfortunate, but under the circumstances they were politically inevitable. They accurately reflect the current underlying reality that U.S. ground forces are not available as instruments of U.S. foreign policy, except under very unusual conditions.

Political constraints make ground forces effectively unavailable.

In theory, the lack of obvious "vital" U.S. interests in Bosnia's vicissitudes conditioned the debate and resulted in the ambivalent decision, although the advocates of intervention did make a rather strong case for a wider U.S. interest in world order. In practice, however, the decisive consideration for opponents of intervention was not the presence or absence of U.S. interests but the fear that too many U.S. troops would be killed. The most senior U.S. military officers stated that explicitly in 1992. Remarkably, General Colin Powell, then chairman of the Joint Chiefs of Staff, not only gave background press briefings to that effect, but even published an article in the daily press to argue against any form of U.S. military intervention in Bosnia.[2]

There is clear evidence that the much-cited calculus of U.S. interests was in fact irrelevant to the Bosnia debate. At the very time the

[2]Colin L. Powell, "Why Generals Get Nervous," *The New York Times*, October 8, 1992.

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Pentagon was successfully resisting any use of force in the former Yugoslavia in the closing months of 1992, it proffered a U.S. expedition to Somalia. Senior military officers were willing to send U.S. troops there because they mistakenly believed that no casualties would ensue in a mission labeled as humanitarian. They were unwilling to send troops or even use tactical airpower in the former Yugoslavia because they feared there would be fighting and casualties. As always, talk of U.S. interests, present or absent, vital or not, was merely part of the rhetorical carapace of policy decisions driven by more compelling motives.

WAR FROM AFAR

IN A WORLD of wars that are less dangerous but much less likely to be prevented, U.S. military forces must once again be kept primarily for combat rather than for deterrent display. Thus the current composition of U.S. forces as a whole, however versatile in theory, is no longer appropriate. What this or that type of force could do in combat—if only the United States had high birthrates, large families, and a hypernationalistic population that sanctioned with equanimity thousands of casualties in any minor military affray—is or should be irrelevant when deciding the composition of the armed forces. What counts is not cost-effectiveness in general, but the cost-effectiveness of the military forces and materiel that can actually be used during a conflict. The two criteria yield widely divergent results because it is invariably expensive to reduce casualties by developing and deploying ways to move personnel and materiel farther from harm's way on the battlefield while maintaining their effectiveness.

U.S. military policy must also prepare for possible drastic changes in the strategic environment, including the emergence of situations that would require the large-scale use of ground forces and the toleration of high casualties. A full range of military capabilities is needed, but that can be assured by preserving capacity for remobilization and by maintaining lower-cost reserve forces. Once the necessary precautions against sudden and powerful new threats are in place, the United States should acquire the military forces it can actually use as instruments of policy. That would be a prosaic prescription— indeed a mere banality—were it not for America's half-century of immersion

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in Cold War deterrence, during which weapons and forces were most useful precisely insofar as they were not used.

A wholesale recalibration of U.S. military policy is needed to shift money and resources to the forces actually usable, at the expense of the less usable. There is no way of measuring how usable different kinds of military forces are, even in theory. Such a quality is not fixed and inherent, but depends on the perceived political importance of the task at hand, which can change very quickly indeed. On August 3, 1990, President George Bush evoked scarcely any criticism when he ruled out the use of American military strength to expel Iraqi invasion forces from Kuwait. Yet that became the imperative of his administration very soon thereafter. No U.S. forces were usable under the first decision; all nonnuclear forces were equally usable under the second.

Money should be shifted to the forces that are actually usable.

What *can* be measured as a surrogate for political usability is the inherent exposure to casualties of different categories of forces. As a first approximation of what might be called a casualty exposure index, it would be enough to count the personnel in the close-combat echelons of each kind of force. By that measure, for example, armored brigades with their 400 or so tank crewmen and 300 or so riflemen would have a significantly lower exposure index than light infantry or Marine brigades, which have several times as many riflemen and few heavy weapons. Therefore, under current strategic conditions, the use of armored forces would be advantageous, even in terrain and for tasks that would call for infantry forces according to traditional tactical criteria. One lesson of the Somalia debacle is that armored forces nowadays are preferable to light infantry forces in almost any environment, in spite of their tactical limitations. Inserting forces that are theoretically more suitable only to have to withdraw them abruptly because of politically intolerable casualties accomplishes nothing.

Such rudimentary casualty exposure indexes could be made somewhat more realistic by taking into account the proximity of U.S. combat echelons, broadly defined to include the crews of ships and aircraft, to a combat locale, under the reasonable assumption that the closer the proximity, the greater the likelihood of casualties. With

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that adjustment, for example, the Navy's amphibian and gunfire-support warships, which must come fairly close to shore, would be assigned higher casualty exposure indexes than Navy ships used primarily to launch cruise missiles. Admittedly, complications intrude when a given type of force can be employed for different purposes; most combat aircraft, for example, can carry out both close-support missions against antiaircraft fire and remote attacks with standoff missiles.

U.S. funding decisions should incorporate a casualty exposure index.

Whether adjusted for proximity or not, meaningful casualty exposure indexes could readily be calculated for each type of force. As proxies for political usability, they would define which forces are most suited for current post–Cold War and "post-heroic" conditions, in which the invariable limiting factor for U.S. military operations is Americans' low tolerance of casualties.

In descending order, a rough ranking of usability would begin with unmanned, long-range weapons (notably ballistic and cruise missiles) and proceed through remote forces with small combat echelons, such as air crews that launch standoff weapons, to the least usable forces, the Army and Marine infantry forces whose combat echelons are useful only in close proximity to the fighting. Such a ranking system should become a central criterion of U.S. military policy, as it would further the acquisition of the forces that are less exposed to casualties and therefore more usable in present conditions.

The United States requires reasonably substantial forces in all categories, from aircraft carriers to infantry divisions. But the current inventory of combat forces contains too many manpower-intensive ground units that are highly exposed to casualties and simply unavailable as instruments of foreign policy.

The overall effect of spending too much money on the upkeep of unusable forces instead of merely maintaining a remobilization capacity for them is that Congress now deems an exceptionally rich menu of important technological innovations unaffordable. The list includes the first practical directed-energy, or laser, weapons capable of intercepting rockets and ballistic missiles, which are a scourge from Sarajevo to Israel; stealth aircraft, which are substantially immune to radar detection in most situations and therefore capable of doing much with

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few fliers exposed to enemy attack and even fewer losses; remotely piloted aerial vehicles, now available only in sample numbers and not yet for strike roles; more and better cruise and standoff missiles; versatile advanced munitions; and all the diverse applications of information technology that only await funding to be implemented, not to mention those that could be developed with more money.

The promise of these innovations is not a stronger United States—it is strong enough—but rather a greater ability to use force remotely, yet accurately and with discrimination. Tactical bombing, guided and protected by a host of electronic ancillaries and aimed with now-routine precision, proved very effective in Bosnia notwithstanding the seemingly decisive reasons why it should have failed. So far, however, only fixed or large, easily recognizable targets are vulnerable to remote attack. That may be good enough in classic war situations, as in the Persian Gulf War, but the lower the intensity of conflict, the less can be achieved by attacking airfields, depots, headquarters, or other major targets. The promise of the potential innovations is a greater ability to contend with more elusive enemies in more ambiguous situations.

Spending on unusable forces has crowded out important military technology.

It is unwise to retard these innovations in the armed forces, but not because dangerous threats to vital U.S. interests are imminent. On the contrary, capital-intensive forces that have the lowest possible exposure to casualties are needed precisely because at present there are no threats that might justify substantial American casualties. The use of military forces will likely continue to be discretionary, as it has been in Bosnia, Haiti, and Somalia, rather than imperative. Some continue to argue against all such discretionary interventions, not coincidentally with the vehement support of senior officers who represent the most manpower-intensive forces. Abstention from all interventions would certainly allow an indefinite delay in the refocusing of U.S. military policy at the expense of those very forces.

There are always strong arguments against any particular U.S. military intervention, and all discretionary interventions can be dismissed as "social work," i.e., feel-good endeavors disconnected from core U.S. interests. But what may be true of any single intervention—

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and was certainly true of the Somalia expedition—is not true of all. If the possessor of much of the world's military power refuses to use it, greater world disorder is only the most immediate consequence. At a time when Cold War restraint has given way to adventurism, if U.S. military power is withheld in one crisis after another, it is bound to stimulate the growth of other military powers. A vacuum will have been created that other countries will fill.

A policy of nonintervention would yield a world not only less stable, but also more militarized. That would certainly affect core U.S. interests, at the very least by damaging economic development and undermining civilian rule, even if no direct threats were to emerge or increase. Hence the urgency of redefining the priorities of U.S. military policy, to yield forces that can more readily be deployed for discretionary interventions. To fight only when necessity compels is the attribute of small powers. The United States fortunately lacks the classic expansionist proclivities of the great powers of history, but it does have widespread responsibilities that call for appropriate military means.

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The Rise of the Virtual State

Richard Rosecrance

TERRITORY BECOMES PASSÉ

AMID THE supposed clamor of contending cultures and civilizations, a new reality is emerging. The nation-state is becoming a tighter, more vigorous unit capable of sustaining the pressures of worldwide competition. Developed states are putting aside military, political, and territorial ambitions as they struggle not for cultural dominance but for a greater share of world output. Countries are not uniting as civilizations and girding for conflict with one another. Instead, they are downsizing—in function if not in geographic form. Today and for the foreseeable future, the only international civilization worthy of the name is the governing economic culture of the world market. Despite the view of some contemporary observers, the forces of globalization have successfully resisted partition into cultural camps.

Yet the world's attention continues to be mistakenly focused on military and political struggles for territory. In beleaguered Bosnia, Serbian leaders sought to create an independent province with an allegiance to Belgrade. A few years ago Iraqi leader Saddam Hussein aimed to corner the world oil market through military aggression against Kuwait and, in all probability, Saudi Arabia; oil, a product of land, represented the supreme embodiment of his ambitions. In Kashmir, India and Pakistan are vying for territorial dominance over

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a population that neither may be fully able to control. Similar rivalries beset Rwanda and Burundi and the factions in Liberia.

These examples, however, look to the past. Less developed countries, still producing goods that are derived from land, continue to covet territory. In economies where capital, labor, and information are mobile and have risen to predominance, no land fetish remains. Developed countries would rather plumb the world market than acquire territory. The virtual state—a state that has downsized its territorially based production capability—is the logical consequence of this emancipation from the land.

In recent years the rise of the economic analogue of the virtual state—the virtual corporation—has been widely discussed. Firms have discovered the advantages of locating their production facilities wherever it is most profitable. Increasingly, this is not in the same location as corporate headquarters. Parts of a corporation are dispersed globally according to their specialties. But the more important development is the political one, the rise of the virtual state, the political counterpart of the virtual corporation.

The ascent of the trading state preceded that of the virtual state. After World War II, led by Japan and Germany, the most advanced nations shifted their efforts from controlling territory to augmenting their share of world trade. In that period, goods were more mobile than capital or labor, and selling abroad became the name of the game. As capital has become increasingly mobile, advanced nations have come to recognize that exporting is no longer the only means to economic growth; one can instead produce goods overseas for the foreign market.

As more production by domestic industries takes place abroad and land becomes less valuable than technology, knowledge, and direct investment, the function of the state is being further redefined. The state no longer commands resources as it did in mercantilist yesteryear; it negotiates with foreign and domestic capital and labor to lure them into its own economic sphere and stimulate its growth. A nation's economic strategy is now at least as important as its military strategy; its ambassadors have become foreign trade and investment representatives. Major foreign trade and investment deals command executive attention as political and military issues did two decades

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ago. The frantic two weeks in December 1994 when the White House outmaneuvered the French to secure for Raytheon Company a deal worth over $1 billion for the management of rainforests and air traffic in Brazil exemplifies the new international crisis.

Timeworn methods of augmenting national power and wealth are no longer effective. Like the headquarters of a virtual corporation, the virtual state determines overall strategy and invests in its people rather than amassing expensive production capacity. It contracts out other functions to states that specialize in or need them. Imperial Great Britain may have been the model for the nineteenth century, but Hong Kong will be the model for the 21st.

Rather than amass land, capital, and labor, virtual states set strategy and invest in people.

The virtual state is a country whose economy is reliant on mobile factors of production. Of course it houses virtual corporations and presides over foreign direct investment by its enterprises. But more than this, it encourages, stimulates, and to a degree even coordinates such activities. In formulating economic strategy, the virtual state recognizes that its own production does not have to take place at home; equally, it may play host to the capital and labor of other nations. Unlike imperial Germany, czarist Russia, and the United States of the Gilded Age—which aimed at nineteenth-century omnicompetence—it does not seek to combine or excel in all economic functions, from mining and agriculture to production and distribution. The virtual state specializes in modern technical and research services and derives its income not just from high-value manufacturing, but from product design, marketing, and financing. The rationale for its economy is efficiency attained through productive downsizing. Size no longer determines economic potential. Virtual nations hold the competitive key to greater wealth in the 21st century. They will likely supersede the continent-sized and self-sufficient units that prevailed in the past. Productive specialization will dominate internationally just as the reduced instruction set, or "RISC," computer chip has outmoded its more versatile but slower predecessors.

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THE TRADING STATE

IN THE PAST, states were obsessed with land. The international system with its intermittent wars was founded on the assumption that land was the major factor in both production and power. States could improve their position by building empires or invading other nations to seize territory. To acquire land was a boon: a conquered province contained peasants and grain supplies, and its inhabitants rendered tribute to the new sovereign. Before the age of nationalism, a captured principality willingly obeyed its new ruler. Hence the Hapsburg monarchy, Spain, France, and Russia could become major powers through territorial expansion in Europe between the sixteenth and nineteenth centuries.

With the Industrial Revolution, however, capital and labor assumed new importance. Unlike land, they were mobile ingredients of productive strength. Great Britain innovated in discovering sophisticated uses for the new factors. Natural resources—especially coal, iron, and, later, oil—were still economically vital. Agricultural and mineral resources were critical to the development of the United States and other fledgling industrial nations like Australia, Canada, South Africa, and New Zealand in the nineteenth century. Not until late in the twentieth century did mobile factors of production become paramount.

By that time, land had declined in relative value and become harder for nations to hold. Colonial revolutions in the Third World since World War II have shown that nationalist mobilization of the population in developing societies impedes an imperialist or invader trying to extract resources. A nation may expend the effort to occupy new territory without gaining proportionate economic benefits.

In time, nationalist resistance and the shift in the basis of production should have an impact on the frequency of war. Land, which is fixed, can be physically captured, but labor, capital, and information are mobile and cannot be definitively seized; after an attack, these resources can slip away like quicksilver. Saddam Hussein ransacked the computers in downtown Kuwait City in August 1990 only to find that the cash in bank accounts had already been electronically transferred. Even though it had abandoned its territory, the Kuwaiti government could continue to spend billions of dollars to resist Hussein's conquest.

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Today, for the wealthiest industrial countries such as Germany, the United States, and Japan, investment in land no longer pays the same dividends. Since mid-century, commodity prices have fallen nearly 40 percent relative to prices of manufactured goods.[1] The returns from the manufacturing trade greatly exceed those from agricultural exports. As a result, the terms of trade for many developing nations have been deteriorating, and in recent years the rise in prices of international services has outpaced that for manufactured products. Land prices have been steeply discounted.

Before downsizing, the typical American firm had headquarters, factories, and land.

Amid this decline, the 1970s and 1980s brought a new political prototype: the trading state. Rather than territorial expansion, the trading state held trade to be its fundamental purpose. This shift in national strategy was driven by the declining value of fixed productive assets. Smaller states—those for which, initially at any rate, a military-territorial strategy was not feasible—also adopted trade-oriented strategies. Along with small European and East Asian states, Japan and West Germany moved strongly in a trading direction after World War II.

Countries tend to imitate those that are most powerful. Many states followed in the wake of Great Britain in the nineteenth century; in recent decades, numerous states seeking to improve their lot in the world have emulated Japan. Under Mikhail Gorbachev in the 1980s, even the Soviet Union sought to move away from its emphasis on military spending and territorial expansion.

In recent years, however, a further stimulus has hastened this change. Faced with enhanced international competition in the late 1980s and early 1990s, corporations have opted for pervasive downsizing. They have trimmed the ratio of production workers to output, saving on costs. In some cases productivity increases resulted from pruning of the work force; in others output increased. These improvements have been highly effective; according to economist Stephen Roach in a

[1]See, for example, Enzo R. Grilli and Maw Cheng Yang, "Primary Commodity Prices, Manufactured Goods Prices, and the Terms of Trade of Developing Countries: What the Long Run Shows," *The World Bank Economic Review*, 1988, Vol. 2, No. 1, pp. 1-47.

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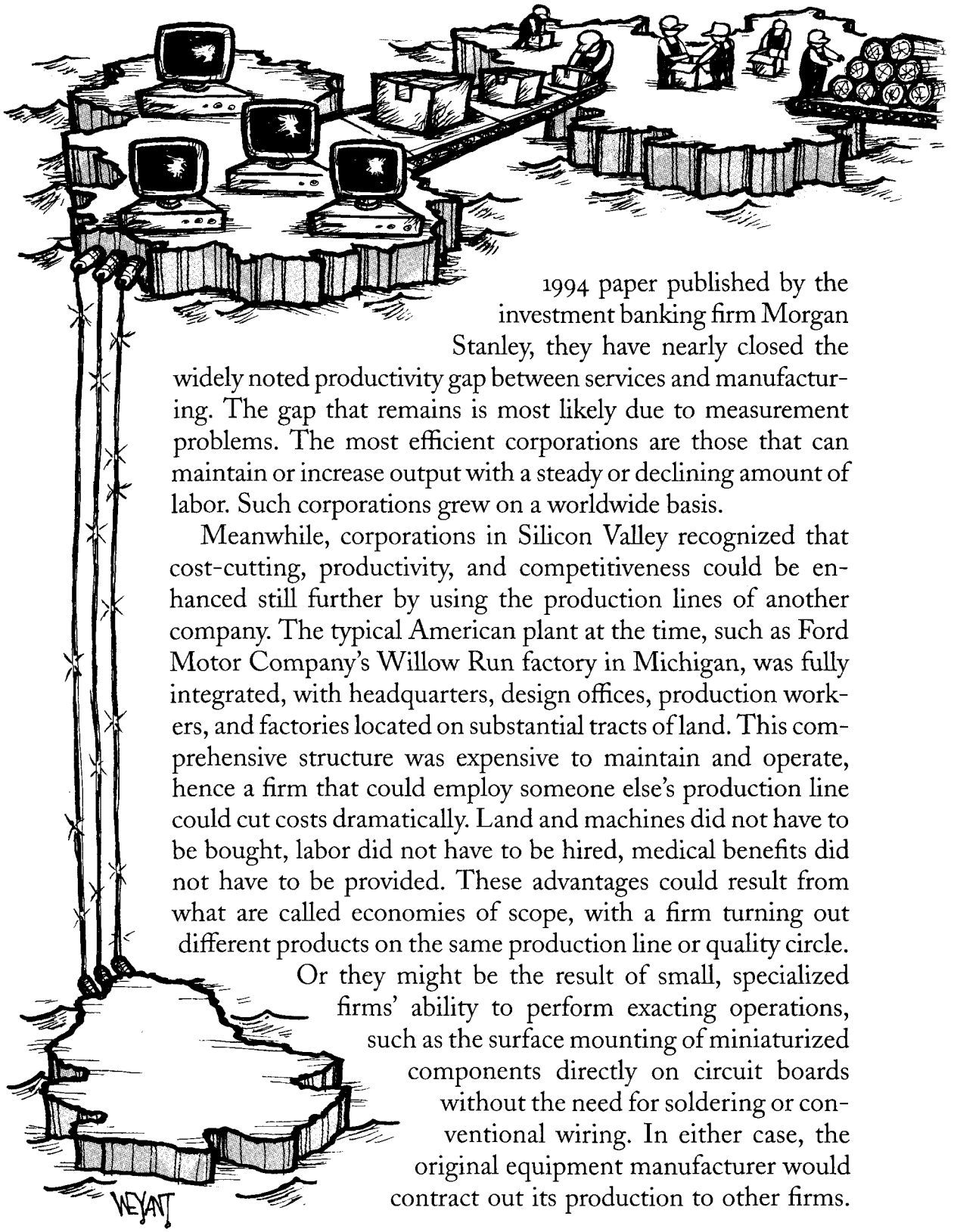

1994 paper published by the investment banking firm Morgan Stanley, they have nearly closed the widely noted productivity gap between services and manufacturing. The gap that remains is most likely due to measurement problems. The most efficient corporations are those that can maintain or increase output with a steady or declining amount of labor. Such corporations grew on a worldwide basis.

Meanwhile, corporations in Silicon Valley recognized that cost-cutting, productivity, and competitiveness could be enhanced still further by using the production lines of another company. The typical American plant at the time, such as Ford Motor Company's Willow Run factory in Michigan, was fully integrated, with headquarters, design offices, production workers, and factories located on substantial tracts of land. This comprehensive structure was expensive to maintain and operate, hence a firm that could employ someone else's production line could cut costs dramatically. Land and machines did not have to be bought, labor did not have to be hired, medical benefits did not have to be provided. These advantages could result from what are called economies of scope, with a firm turning out different products on the same production line or quality circle. Or they might be the result of small, specialized firms' ability to perform exacting operations, such as the surface mounting of miniaturized components directly on circuit boards without the need for soldering or conventional wiring. In either case, the original equipment manufacturer would contract out its production to other firms.

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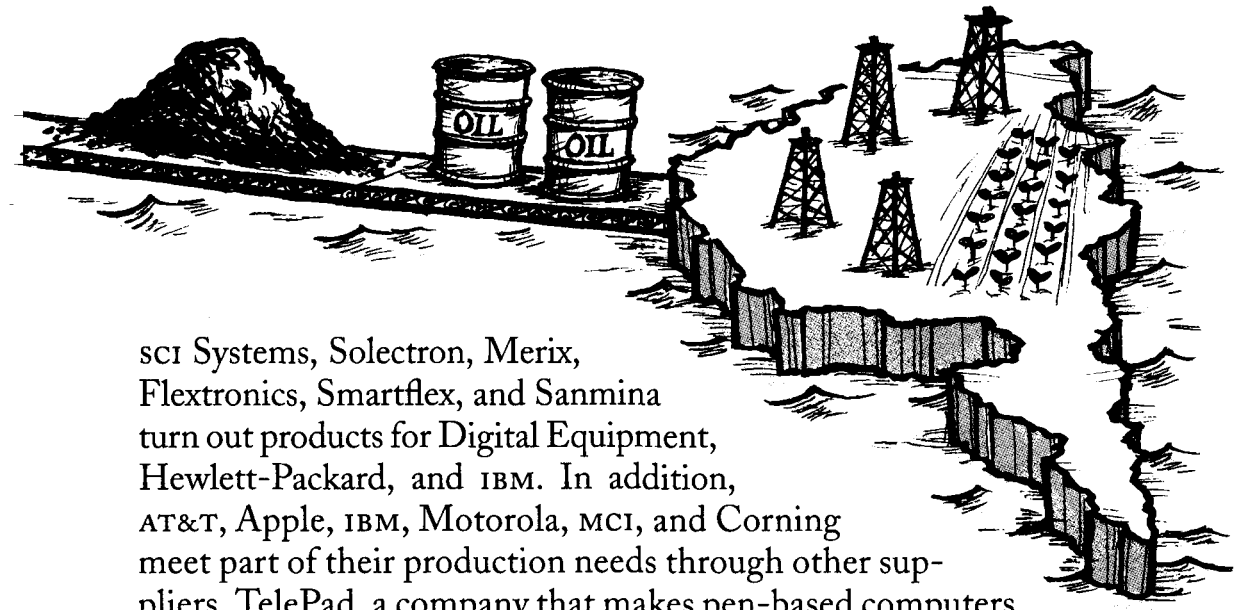

SCI Systems, Solectron, Merix, Flextronics, Smartflex, and Sanmina turn out products for Digital Equipment, Hewlett-Packard, and IBM. In addition, AT&T, Apple, IBM, Motorola, MCI, and Corning meet part of their production needs through other suppliers. TelePad, a company that makes pen-based computers, was launched with no manufacturing capability at all. Compaq's latest midrange computer is to be produced on another company's production line.

Thus was born the virtual corporation, an entity with research, development, design, marketing, financing, legal, and other headquarters functions, but few or no manufacturing facilities: a company with a head but no body. It represents the ultimate achievement of corporate downsizing, and the model is spreading rapidly from firm to firm. It is not surprising that the virtual corporation should catch on. "Concept" or "head" corporations can design new products for a range of different production facilities. Strategic alliances between firms, which increase specialization, are also very profitable. According to the October 2, 1995, *Financial Times,* firms that actively pursue strategic alliances are 50 percent more profitable than those that do not.

TOWARD THE VIRTUAL STATE

IN A SETTING where the economic functions of the trading state have displaced the territorial functions of the expansionist nation, the newly pruned corporation has led to the emerging phenomenon of the virtual state. Downsizing has become an index of corporate efficiency and productivity gains. Now the national economy is also being downsized. Among the most efficient economies are those that pos-

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sess limited production capacity. The archetype is Hong Kong, whose production facilities are now largely situated in southern China. This arrangement may change after 1997 with Hong Kong's reversion to the mainland, but it may not. It is just as probable that Hong Kong will continue to govern parts of the mainland economically as it is that Beijing will dictate to Hong Kong politically. The one country–two systems formula will likely prevail. In this context, it is important to remember that Britain governed Hong Kong politically and legally for 150 years, but it did not dictate its economics. Nor did this arrangement prevent Hong Kong Chinese from extending economic and quasi-political controls to areas outside their country.

The model of the virtual state suggests that political as well as economic strategy push toward a downsizing and relocation of production capabilities. The trend can be observed in Singapore as well. The successors of Lee Kuan Yew keep the country on a tight political rein but still depend economically on the inflow of foreign factors of production. Singapore's investment in China, Malaysia, and elsewhere is within others' jurisdictions. The virtual state is in this sense a negotiating entity. It depends as much or more on economic access abroad as it does on economic control at home. Despite its past reliance on domestic production, Korea no longer manufactures everything at home, and Japanese production (given the high yen) is now increasingly lodged abroad. In Europe, Switzerland is the leading virtual nation; as much as 98 percent of Nestlé's production capacity, for instance, is located abroad. Holland now produces most of its goods outside its borders. England is also moving in tandem with the worldwide trend; according to the Belgian economic historian Paul Bairoch in 1994, Britain's foreign direct investment abroad was almost as large as America's. A remarkable 20 percent of the production of U.S. corporations now takes place outside the United States.

A reflection of how far these tendencies have gone is the growing portion of GDP consisting of high-value-added services, such as concept, design, consulting, and financial services. Services already constitute 70 percent of American GDP. Of the total, 63 percent are in the high-value category. Of course manufacturing matters, but it matters much less than it once did. As a proportion of foreign direct investment, service exports have grown strikingly in most highly industrialized

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economies. According to a 1994 World Bank report, *Liberalizing International Transactions in Services,* "The reorientation of [foreign direct investment] towards the services sector has occurred in almost all developed market economies, the principal exporters of services capital: in the most important among them, the share of the services sector is around 40 percent of the stock of outward FDI, and that share is rising."

Manufacturing, for these nations, will continue to decline in importance. If services productivity increases as much as it has in recent years, it will greatly strengthen U.S. competitiveness abroad. But it can no longer be assumed that services face no international competition. Efficient high-value services will be as important to a nation as the manufacturing of automobiles and electrical equipment once were.[2] Since 1959, services prices have increased more than three times as rapidly as industrial prices. This means that many nations will be able to prosper without major manufacturing capabilities.

Australia is an interesting example. Still reliant on the production of sheep and raw materials (both related to land), Australia has little or no industrial sector. Its largest export to the United States is meat for hamburgers. On the other hand, its service industries of media, finance, and telecommunications—represented most notably by the media magnate Rupert Murdoch—are the envy of the world. Canada represents a similar amalgam of raw materials and powerful service industries in newspapers, broadcast media, and telecommunications.

As a result of these trends, the world may increasingly become divided into "head" and "body" nations, or nations representing some combination of those two functions. While Australia and Canada stress the headquarters or head functions, China will be the 21st-century model of a body nation. Although China does not innately or immediately know what to produce for the world market, it has found success in joint ventures with foreign corporations. China will be an attractive place to produce manufactured goods, but only because sophisticated enterprises from other countries design, market, and finance the products China makes. At present China cannot chart its own industrial future.

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[2]See José Ripoll, "The Future of Trade in International Services," *Center for International Relations Working Paper,* UCLA, January 1996.

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Neither can Russia. Focusing on the products of land, the Russians are still prisoners of territorial fetishism. Their commercial laws do not yet permit the delicate and sophisticated arrangements that ensure that "body" manufacturers deliver quality goods for their foreign "head." Russia's transportation network is also primitive. These, however, are temporary obstacles. In time Russia, with China and India, will serve as an important locus of the world's production plant.

THE VESTIGES OF SERFDOM

THE WORLD IS embarked on a progressive emancipation from land as a determinant of production and power. For the Third World, the past unchangeable strictures of comparative advantage can be overcome through the acquisition of a highly trained labor force. Africa and Latin America may not have to rely on the exporting of raw materials or agricultural products; through education, they can capitalize on an educated labor force, as India has in Bangalore and Ireland in Dublin. Investing in human capital can substitute for trying to foresee the vagaries of the commodities markets and avoid the constant threat of overproduction. Meanwhile, land continues to decline in value. Recent studies of 180 countries show that as population density rises, per capita GDP falls. In a new study, economist Deepak Lal notes that investment as well as growth is inversely related to land holdings.[3]

These findings are a dramatic reversal of past theories of power in international politics. In the 1930s the standard international relations textbook would have ranked the great powers in terms of key natural resources: oil, iron ore, coal, bauxite, copper, tungsten, and manganese. Analysts presumed that the state with the largest stock of raw materials and goods derived from land would prevail. CIA estimates during the Cold War were based on such conclusions. It turns out, however, that the most prosperous countries often have a negligible endowment of natural resources. For instance, Japan has shut down its coal industry and has no iron ore, bauxite, or oil. Except for

[3]Daniel Garstka, "Land and Economic Prowess" (unpublished mimeograph), UCLA, 1995; Deepak Lal, "Factor Endowments, Culture and Politics: On Economic Performance in the Long Run" (unpublished mimeograph), UCLA, 1996.

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most of its rice, it imports much of its food. Japan is richly endowed with human capital, however, and that makes all the difference.

The implications for the United States are equally striking. As capital, labor, and knowledge become more important than land in charting economic success, America can influence and possibly even reshape its pattern of comparative advantage. The "new trade theory," articulated clearly by the economist Paul Krugman, focuses on path dependence, the so-called QWERTY effect of past choices. The QWERTY keyboard was not the arrangement of letter-coded keys that produced the fastest typing, except perhaps for left-handers. But, as the VHS videotape format became the standard for video recording even though other formats were technically better, the QWERTY keyboard became the standard for the typewriter (and computer) industry, and everyone else had to adapt to it. Nations that invested from the start in production facilities for the 16-kilobyte computer memory chip also had great advantages down the line in 4- and 16-megabyte chips. Intervention at an early point in the chain of development can influence results later on, which suggests that the United States and other nations can and should deliberately alter their pattern of comparative advantage and choose their economic activity.

Countries can now alter their pattern of comparative advantage.

American college and graduate education, for example, has supported the decisive U.S. role in the international services industry in research and development, consulting, design, packaging, financing, and the marketing of new products. Mergers and acquisitions are American subspecialties that draw on the skills of financial analysts and attorneys. The American failure, rather, has been in the first 12 years of education. Unlike that of Germany and Japan (or even Taiwan, Korea, and Singapore), American elementary and secondary education falls well below the world standard.

Economics teaches that products should be valued according to their economic importance. For a long period, education was undervalued, socially and economically speaking, despite productivity studies by Edward Denison and others that showed its long-term importance to U.S. growth and innovation. Recent studies have underscored this importance. According to the World Bank, 64 percent of the

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world's wealth consists of human capital. But the social and economic valuation of kindergarten through 12th-grade education has still not appreciably increased. Educators, psychologists, and school boards debate how education should be structured, but Americans do not invest more money in it. Corporations have sought to upgrade the standards of teaching and learning in their regions, but localities and states have lagged behind, as has the federal government. Elementary and high school teachers should be rewarded as patient creators of high-value capital in the United States and elsewhere. In Switzerland, elementary school teachers are paid around $70,000 per year, about the salary of a starting lawyer at a New York firm. In international economic competition, human capital has turned out to be at least as important as other varieties of capital. In spite of their reduced functions, states liberated from the confines of their geography have been able, with appropriate education, to transform their industrial and economic futures.

THE REDUCED DANGER OF CONFLICT

As NATIONS turn to the cultivation of human capital, what will a world of virtual states be like? Production for one company or country can now take place in many parts of the world. In the process of downsizing, corporations and nation-states will have to get used to reliance on others. Virtual corporations need other corporations' production facilities. Virtual nations need other states' production capabilities. As a result, economic relations between states will come to resemble nerves connecting heads in one place to bodies somewhere else. Naturally, producer nations will be working quickly to become the brains behind emerging industries elsewhere. But in time, few nations will have within their borders all the components of a technically advanced economic existence.

To sever the connections between states would undermine the organic unit. States joined in this way are therefore less likely to engage in conflict. In the past, international norms underlying the balance of power, the Concert of Europe, or even rule by the British Raj helped specify appropriate courses of action for parties in dispute. The international economy also rested partially on normative agreement. Free trade, open domestic economies, and, more recently, freedom of

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movement for capital were normative notions. In addition to specifying conditions for borrowing, the International Monetary Fund is a norm-setting agency that inculcates market economics in nations not fully ready to accept their international obligations.

Like national commercial strategies, these norms have been largely abstracted from the practices of successful nations. In the nineteenth century many countries emulated Great Britain and its precepts. In the British pantheon of virtues, free trade was a norm that could be extended to other nations without self-defeat. Success for one nation did not undermine the prospects for others. But the acquisition of empire did cause congestion for other nations on the paths to industrialization and growth. Once imperial Britain had taken the lion's share, there was little left for others. The inability of all nations to live up to the norms Britain established fomented conflict between them.

In a similar vein, Japan's current trading strategy could be emulated by many other countries. Its pacific principles and dependence on world markets and raw materials supplies have engendered greater economic cooperation among other countries. At the same time, Japan's insistence on maintaining a quasi-closed domestic economy and a foreign trade surplus cannot be successfully imitated by everyone; if some achieve the desired result, others necessarily will not. In this respect, Japan's recent practices and norms stand athwart progress and emulation by other nations.

President Clinton rightly argues that the newly capitalist developmental states, such as Korea and Taiwan, have simply modeled themselves on restrictionist Japan. If this precedent were extended to China, the results would endanger the long-term stability of the world economic and financial system. Accordingly, new norms calling for greater openness in trade, finance, and the movement of factors of production will be necessary to stabilize the international system. Appropriate norms reinforce economic incentives to reduce conflict between differentiated international units.

DEFUSING THE POPULATION BOMB

So long as the international system of nation-states lasts, there will be conflict among its members. States see events from different per-

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spectives, and competition and struggle between them are endemic. The question is how far conflicts will proceed. Within a domestic system, conflicts between individuals need not escalate to the use of physical force. Law and settlement procedures usually reduce outbreaks of hostility. In international relations, however, no sovereign, regnant authority can discipline feuding states. International law sets a standard, but it is not always obeyed. The great powers constitute the executive committee of nation-states and can intervene from time to time to set things right. But, as Bosnia shows, they often do not, and they virtually never intervene in the absence of shared norms and ideologies.

Domestic politics lacks jurisdiction to alleviate global problems.

In these circumstances, the economic substructure of international relations becomes exceedingly important. That structure can either impel or retard conflicts between nation-states. When land is the major factor of production, the temptation to strike another nation is great. When the key elements of production are less tangible, the situation changes. The taking of real estate does not result in the acquisition of knowledge, and aggressors cannot seize the needed capital. Workers may flee from an invader. Wars of aggression and wars of punishment are losing their impact and justification.

Eventually, however, contend critics such as Paul Ehrlich, author of *The Population Bomb,* land will become important once again. Oil supplies will be depleted; the quantity of fertile land will decline; water will run dry. Population will rise relative to the supply of natural resources and food. This process, it is claimed, could return the world to the eighteenth and nineteenth centuries, with clashes over territory once again the engine of conflict. The natural resources on which the world currently relies may one day run out, but, as before, there will be substitutes. One sometimes forgets that in the 1840s whale oil, which was the most common fuel for lighting, became unavailable. The harnessing of global energy and the production of food does not depend on particular bits of fluid, soil, or rock. The question, rather, is how to release the energy contained in abundant matter.

But suppose the productive value of land does rise. Whether that rise would augur a return to territorial competition would depend on

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whether the value of land rises relative to financial capital, human capital, and information. Given the rapid technological development of recent years, the primacy of the latter seems more likely. Few perturbing trends have altered the historical tendency toward the growing intangibility of value in social and economic terms. In the 21st century it seems scarcely possible that this process would suddenly reverse itself, and land would yield a better return than knowledge.

Diminishing their command of real estate and productive assets, nations are downsizing, in functional if not in geographic terms. Small nations have attained peak efficiency and competitiveness, and even large nations have begun to think small. If durable access to assets elsewhere can be assured, the need to physically possess them diminishes. Norms are potent reinforcements of such arrangements. Free movement of capital and goods, substantial international and domestic investment, and high levels of technical education have been the recipe for success in the industrial world of the late twentieth century. Those who depended on others did better than those who depended only on themselves. Can the result be different in the future? Virtual states, corporate alliances, and essential trading relationships augur peaceful times. They may not solve domestic problems, but the economic bonds that link virtual and other nations will help ease security concerns.

THE CIVIC CRISIS

THOUGH PEACEFUL in its international implications, the rise of the virtual state portends a crisis for democratic politics. Western democracies have traditionally believed that political reform, extension of suffrage, and economic restructuring could solve their problems. In the 21st century none of these measures can fully succeed. Domestic political change does not suffice because it has insufficient jurisdiction to deal with global problems. The people in a particular state cannot determine international outcomes by holding an election. Economic restructuring in one state does not necessarily affect others. And the political state is growing smaller, not larger.

If ethnic movements are victorious in Canada, Mexico, and elsewhere, they will divide the state into smaller entities. Even the powers of existing states are becoming circumscribed. In the United States,

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if Congress has its way, the federal government will lose authority. In response to such changes, the market fills the vacuum, gaining power.

As states downsize, malaise among working people is bound to spread. Employment may fluctuate and generally decline. President Clinton observed last year that the American public has fallen into a funk. The economy may temporarily be prosperous, but there is no guarantee that favorable conditions will last. The flow of international factors of production—technology, capital, and labor—will swamp the stock of economic power at home. The state will become just one of many players in the international marketplace and will have to negotiate directly with foreign factors of production to solve domestic economic problems. Countries must induce foreign capital to enter their domain. To keep such investment, national economic authorities will need to maintain low inflation, rising productivity, a strong currency, and a flexible and trained labor force. These demands will sometimes conflict with domestic interests that want more government spending, larger budget deficits, and more benefits. That conflict will result in continued domestic insecurity over jobs, welfare, and medical care. Unlike the remedies applied in the insulated and partly closed economies of the past, purely domestic policies can no longer solve these problems.

THE NECESSITY OF INTERNATIONALIZATION

THE STATE can compensate for its deficient jurisdiction by seeking to influence economic factors abroad. The domestic state therefore must not only become a negotiating state but must also be internationalized. This is a lesson already learned in Europe, and well on the way to codification in East Asia. Among the world's major economies and polities, only the United States remains, despite its potent economic sector, essentially introverted politically and culturally. Compared with their counterparts in other nations, citizens born in the United States know fewer foreign languages, understand less about foreign cultures, and live abroad reluctantly, if at all. In recent years, many English industrial workers who could not find jobs migrated to Germany, learning the language to work there. They had few American imitators.

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The virtual state is an agile entity operating in twin jurisdictions: abroad and at home. It is as prepared to mine gains overseas as in the domestic economy. But in large countries, internationalization operates differentially. Political and economic decision-makers have begun to recast their horizons, but middle managers and workers lag behind. They expect too much and give and learn too little. That is why the dawn of the virtual state must also be the sunrise of international education and training. The virtual state cannot satisfy all its citizens. The possibility of commanding economic power in the sense of effective state control has greatly declined. Displaced workers and businesspeople must be willing to look abroad for opportunities. In the United States, they can do this only if American education prepares the way.

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Cuba Refrozen

David Rieff

DEFIANCE AND DOLLARIZATION

UNTIL THE moment in February when a Cuban air force MiG-29 shot down two civilian planes sponsored by the Miami-based exile group Brothers to the Rescue near Cuba, people on both sides of the Florida Strait assumed U.S.-Cuban relations were headed for a thaw, if a slow one. But the prospect of normalization had hardly been welcomed in Havana. The Castro regime's only claim that resonates with ordinary Cubans nowadays, particularly those old enough to remember life before Fulgencio Batista's overthrow in 1959, is that it has saved Cuba from American domination.

The ubiquitous slogan *"Socialismo o Muerte,"* "Socialism or Death," has evoked pained smiles on the island since the collapse of the Soviet empire, the loss of Cuba's leading trade partners, and the cutoff of subsidies from Moscow in 1989-91. Socialism has lost, and even those in the upper echelons of the Castro regime know it. But *"Patria o Muerte,"* "Motherland or Death," still carries considerable weight in a country whose political culture is steeped in the legends of resistance and self-immolation of the nineteenth-century struggle for independence. The Second Cuban War of Independence—known in the United States, to Cubans' chagrin, as the Spanish-American War—left one-fifth of the population dead and a good part of the island in ruins. Yet for Cubans of almost every political persuasion, including the exile community in the United States, the sacrifice was worth it.

In their own minds, whether rebelling against the Spanish or confronting the Americans, Cubans are continually doing mythic battle.

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BLACK STAR

Is it true love? Slogans on a Cuban wall.

"It is my duty," José Martí, the apostle of Cuban independence, wrote shortly before his death, "to prevent, by the independence of Cuba, the United States from spreading over the West Indies, and falling, with that added weight, upon other lands of our America.... My weapon is only the slingshot of David." As the possibility of exporting revolution in the Americas or even building socialism at home has dwindled, the Castro regime has turned to nationalist, anti-American rhetoric to rally a population beset by everyday scarcity and with little prospect of economic improvement.

In early 1991, when the loss of Soviet subsidies that had reached $8 billion a year really began to take its toll, signs sprouted in Havana boasting that the capital would remain "an eternal Baragua." The reference was to an episode in 1878 at the end of the First Cuban War of Independence, in which the revolutionary leader General Antonio Maceo, faced with a superior Spanish force, rejected a settlement that would have called for his army to lay down its weapons. That Maceo soon afterward abandoned the field at Baragua, boarding a British ship for Jamaica, did not seem to matter; the symbolism of the act, Maceo's glorious gesture of defiance, called for emulation. To listen to Fidel Castro, his regime's success in withstanding American domination counts for far more than its failure to run the economy. "We have resisted for 35 years," the Maximum Leader declared in a recent speech, "and if necessary we will resist for 35 more."

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That moralized—not to say romantic—vision of the goals of the state is not Marxist. Some question whether Castro was ever a Marxist-Leninist, while others suggest that the experiment he has carried out on the Cuban people has—as befits the graduate of a Jesuit academy who at times still refers to himself as a Christian—less in common with Lenin than with the communistic experiments of Jesuits in Paraguay in the eighteenth century. But Castro's growing tendency to identify his revolution's success or failure with the degree of influence the United States has over Cuban affairs helps explain the equanimity with which he has accepted investment from capitalist countries. For him, compromise with investors is not difficult; it is compromise with Washington that is unacceptable. Castro's worldview, especially after the Brothers to the Rescue incident and the regime's recent crackdown on dissidents, should not make one sanguine about the possibilities for genuine change in the system he has created.

THE ALMIGHTY DOLLAR

Paradoxically, Castro's insistence on the sacred ideal of Cuban sovereignty has thrown Cubans into economic dependence on the hated United States. After Soviet subsidies stopped, Cuba was on the brink of economic collapse in 1992 and 1993. During what was officially dubbed "the special period in time of peace," there were power outages in Havana because the regime could not come up with even $10 million in hard currency to buy emergency fuel supplies, and the authorities seriously contemplated a system in which citizens would eat all their meals in collective feeding centers. To ease the crisis, Castro allowed foreign investment into the country, and in 1993 the regime reluctantly legalized the possession of dollars by ordinary Cubans, previously a criminal, if routine, offense.

Once people could use dollars openly and hold dollar-denominated bank accounts, the dollar took hold as Cuba's second currency. Many on the island came to depend on remittances from abroad, particularly from relatives in Miami. Having once scorned those who left, Cubans increasingly relied on their benevolence. "You spat at the person leaving for Miami," a friend in Havana remarked

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recently. "You jeered at those who joined the Mariel boatlift. Nowadays, though, you greet a returning person like a king and wait anxiously for his arrival because the money he brings can change everything for you."

Relative to the rest of the economy, remittances from abroad are enormous. At a conservative estimate, exiles send at least $800 million a year to their relatives on the island. The sugar industry, which has been virtually in ruins since the Soviet Union abrogated sugar-for-oil barter agreements, accounts for approximately $300 million in earnings. The largest single foreign investment in Cuba, the nickel mines under development by the Canadian corporation Sherritt International, had revenues of about $250 million last year, while the gross receipts of the tourist sector were between $700 million and $1 billion.

Castro's fetishization of sovereignty has driven ordinary Cubans into dependence on Miami.

Given that under its joint venture agreement with the Cuban government Sherritt is allowed to repatriate its very considerable portion of the profits, as are the Mexican, Spanish, and German hotel chains that have invested in Havana and the resort area of Varadero, remittances assume even greater significance. Tourism in Cuba has been rising steadily but, for all their recent boasts, Cuban officials have been reticent about how much of each tourist dollar remains in the country. Bahamian Prime Minister Hubert Ingraham said recently that while he was pleased with tourism's gross revenues, the truth was that 81 cents on the dollar went overseas with the partner corporations, most of which are based in Canada or South Florida. It seems likely that the proportion leaving Cuba is at least as high.

While joint ventures are welcome in Cuba, the Castro government has steadfastly refused to allow Cubans to set up small or medium-sized businesses, even to supply the tourist sector. The shampoo in hotel bathrooms, the pillow on the bed, even the packets of sugar in the hotel restaurant—all are imported. The last is particularly astonishing: the sugar, packaged mainly in Canada, was produced on the island. Countless other examples show that the Cuban economic opening, no doubt profitable for foreign investors, is far less lucrative for Cuba than most assume.

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Signs on the streets of Havana may read *"Aqui somos libres y sin amo,"* "Here, we are free and have no bosses," but ordinary Cubans are now all but completely dependent on the dollar economy. The average monthly wage of 200 Cuban pesos, or approximately $10, is not much help when the regime lacks the reserves to provide the basics supposedly guaranteed to holders of the *libreta,* the ration book, at a nominal price. Although Havana does far better than the rest of the country, most people I spoke with during visits to the city in February and March said they could count on no more than half their monthly allotment of staple foodstuffs and reported that clothing and other "nonessential" allotments were unavailable more often than not. The reward in many factories and offices for exceptional performance is bags of toothpaste, razor blades, and deodorant. These items are of course readily available for hard currency in the shops and markets that have sprung up all over the island since dollarization.

It is not simply, as the old joke in the Soviet Union had it, that under socialism the workers pretend to work and the government pretends to pay them. Adult Cubans must be employed or retired to maintain their right to their *libretas,* to health care, to their apartments, and to certain subsidized services like electricity. But with wages so low and one's rations not providing even the basics, the government's policy has driven virtually everyone into the dollar economy. This means dependence on relatives abroad, a cash-only business on the side—whether a *paladar,* one of the small private restaurants that have proliferated in the past two years, a tire repair shop, or the cultivation of a garden plot—theft, or prostitution.

Pilferage is an enormous and growing problem, and burglaries, once virtually unheard of, are endemic. So is prostitution, the eradication of which was one of the proudest boasts of the revolutionary government. Ordinary women are now selling themselves for a few items from a dollar shop. A European tourist accompanied by one and sometimes two young Cuban women, usually black or mulatto, clutching a shopping bag full of small purchases is a common sight in Havana and near the hotel complexes at Varadero Beach. Most of the women's families are said to be resigned to what is going on, so long as they are not directly confronted with it. Thus the government's decision to fetishize political independence from the United States has forced Cubans into depen-

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dence on dollar remittances from Miami and into a double morality—whether involving theft, the black market purchase of stolen goods unobtainable through the *libreta*, or prostitution.

Legalizing the dollar and foreign investment has brought some relief over the past three years—fewer power outages, more food on people's tables, and a widespread sense that life is getting better, or soon will. But it is not clear the regime has any real solutions for the island's economic problems. What it seems to have opted for, in the name of preserving Cuban sovereignty, is a series of failed solutions: tourism, refurbishment of the sugar industry, mining. If these can be said to offer hope, it is only in the sense that they have offered hope to Jamaica or the Dominican Republic, still chronically impoverished after decades of trying these remedies.

THE SLOGANS ON THE WALL

DEFENDERS OF the regime insist that things would be different if not for the U.S. embargo against Cuba in place since 1961—or as Cubans refer to it, the blockade. In reality, the question of allocation of resources is at least as important; the army continues to be funded, as do some of Castro's pet projects. But the government-controlled press darkly hints that Cuban innovations in AIDS research and the treatment of skin and eye ailments would have brought prosperity but for the embargo and the machinations of international drug companies. This paranoid worldview, with its insistence that every setback is someone else's fault and its constant hunts for culprits—and when external enemies will not serve, Castro scapegoats his own generals or ministers—may be the regime's enduring bequest to the people.

The regime can still claim some successes. Literacy is virtually universal, and the average citizen enjoys remarkable access to medical care and what is still relatively good health. But education and health are related, and the system in both areas is at or near the breaking point. While Cuban students are admirably literate and numerate, they are not now nor will they soon be computer literate. A place like Havana, where an estimated 15 to 30 percent of the buildings in the old city are structurally unsound, has no money for classroom computer terminals. The effect on economic development is not yet apparent only because there

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has been so little development. When Cuba begins to vie for the word processing jobs that are already leaving Western Europe and North America for Asia and the Caribbean, it is unlikely to compete effectively.

The crisis in the health care system is more pressing. In spite of the competence and kindness of hospital staff, a lack of equipment and, especially, prescription drugs makes effective treatment difficult. Most cardiac and cancer specialists say that for the past several years they have been able to diagnose their patients but not treat them. Like many visitors to Cuba, I brought drugs for exiles' loved ones. When I delivered the chemotherapy agent to the doctor of my friends' relative, she stared at the package and murmured, "I haven't been able to prescribe any of this in a very long time."

The regime's solution is economic solutions that have failed elsewhere.

Instead of developing a proper system of production and distribution, the Cuban government has offered the rhetoric of struggle and sovereignty. For 37 years of peace, apart from the Bay of Pigs invasion, Cubans have lived on a quasi-wartime footing, with the regime dispensing militarized rhetoric and rationing essential goods. From the slogans on walls in Havana, one would think a second Bay of Pigs was imminent. Resist or die in the attempt, the signs advise the populace—incongruous exhortations when the government's principal foreign policy effort seems to be its bid to lure foreign capitalists and German, Canadian, and British tourists to the island.

No doubt most ordinary Cubans pay little more attention to the slogans than American commuters do to highway billboards. But while a gap between rhetoric and reality is a feature of just about every society, in Cuba it has grown more and more extreme. It was one thing in the 1960s to compare the literacy campaign that drew thousands of urban youths to the countryside with the struggle of Castro and Che Guevara's guerrillas in the Sierra Maestra Mountains. It is quite another for the building of luxury hotels for foreigners on Varadero Beach to be described as revolutionary struggle. The slogans of the Vladimir Ilich Lenin construction brigade posted at the site of the future Sirens hotel—"Che, your ideas endure in each of us," one read, while another boasted, "As at Baragua and the Bay of Pigs"—make one wonder how much longer such contradictions can persist.

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FAILING THE ECONOMY

CASTRO LIKES to say, "Only those who resist are respected," but the Cuban state is resisting only the United States. It is not resisting capitalism (except the smaller-scale, more entrepreneurial type that could benefit ordinary Cubans) or the corruption of its citizenry through prostitution and a huge black market in stolen goods. It is engaged not in a program of Marxist action but in anti-Americanism taken for a species of idealism and become an obsession. In the meantime, Cubans assume that senior officials are enriching themselves so that they will fare reasonably well whether Castro survives or falls.

The regime's commitment to an economic policy that privileges macroeconomic development has left the people largely to fend for themselves. Although the regime has succeeded to a remarkable degree in stabilizing the Cuban peso, its distribution of even staple goods has not improved. A government that cannot stock its own teaching hospitals with minimal supplies of Adriamycin and Methotrexate is still spending millions on biotechnology research. Most important, while the regime demonstrated considerable imagination in redividing the economic pie, it has never been able to make the pie bigger. One has only to imagine what the Singaporean leader Lee Kuan Yew or the military bosses of South Korea, Taiwan, or Thailand would have done with 25 years of subsidies on the order of those the Soviet Union funneled to Castro to appreciate how badly the regime has bungled the economy.

Apparently at Castro's insistence, the government squandered hundreds of millions of dollars on research into interferon after the Maximum Leader became convinced that the drug would prove to be "the cure" for cancer. It was not the first such folly. In the late 1960s Castro decided to undertake a massive program of cross-breeding Holstein and Brahma cattle aimed at a cow that could stand up to tropical heat but still produce milk as copiously as northern European breeds. "We will have more milk than Holland," Castro boasted. The result was disastrous.

The economic record of Castro's Cuba is one of unbroken failure, and many of the mistakes of previous economic campaigns are being repeated. In the past year, in an eerie echo of the catastrophic sugar harvest of 1970, which was expected to produce a record crop and give the

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country the working capital to refloat the economy, Cuba has taken out some $300 million in short-term loans to buy equipment and fuel to run the tractors and the sugar refineries. Without the loans, the harvest could not have taken place, but to obtain them, the government was forced to pay interest rates variously estimated at 14 to 20 percent. Even if the harvest reaches the government's goal of 4.5 million tons, the interest payments will negate any real benefit from the sale of the sugar.

In spite of official claims that all is going smoothly, rumors among European commodities brokers have it that Cuba is selling some of the harvest on the spot market to raise cash to import oil to keep the refineries running. As anyone driving through the countryside around Matanzas during the harvest could observe, many refineries are making do by burning bagasse—chaff from the sugar plant. This is one of the "inventive" solutions to the economic crisis that Cuban officials point to as exemplary of their ability to cope. But one of the reasons the machinery in the sugar industry and many other industries is in desperate need of repair is that the use of bagasse has damaged it. Trapped in a vicious cycle, the regime must borrow money at exorbitant rates or grant economic concessions to foreign companies—many of which are just waiting for the embargo to end to flip their holdings to U.S. companies for a handsome profit—all the while knowing no country ever became rich on a monoculture or tourism.

Most Cuban officials insist that the economy has turned the corner and that a successful sugar harvest, increased tourism, and more petroleum and nickel production will soon bring Cubans their highest standard of living since at least the late 1980s. These industries, the authorities claim, led the way in five to seven percent economic growth last year for Cuba. Such figures, however, obscure the continued deterioration of all the sectors not targeted for development. With the exception of the telephone system, which the Mexican conglomerate Domos is committed to refurbishing, Cuba's infrastructure—its factories, housing stock, roads, and bridges—are slowly, and in some cases not so slowly, falling apart. The buildings in Havana, Matanzas, and Santiago are gently rotting away, much like revolutionary ardor, even among those who were most ardent.

A few people remain faithful to the old values. "This is a revolutionary," warned a sign I saw in a suburban Havana neighborhood.

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"There are no dollars here." But to remain faithful is to condemn oneself and one's children to impoverishment even within the general poverty of Cuba. I asked a Cuban acquaintance whether a senior army officer would want his children to follow in his footsteps. My friend laughed dismissively. "Of course not," he said. "In the old days, in the '70s or early '80s, becoming an army officer would have been the best possible career. But today? Today, he would want his son or daughter to work in the hotel business or in one of the joint ventures, where your salary in pesos is supplemented by dollars under the table. That's the only way to survive here—unless, of course, you have a rich uncle in Miami."

If evidence were needed that the revolution is definitively over, the obsession with dollars provides it. Cuba, while still free of American political control, grows more dependent every day on the U.S. currency and the world economic system in which the United States is dominant. Without American backing for loans from the International Monetary Fund and the World Bank, Cuba's economic destiny is likely at best to resemble that of its Caribbean neighbors. But the Castro regime is locked in the world that existed when Fidel and Che were in the Sierra Maestra, a world in which the economy was not yet global and geopolitics, rather than geoeconomics, was the essence of international relations.

ONLY SURVIVE

IN SPITE of his enthusiastic comments about what he saw on his November visit to China, Castro's heart is not in economic liberalization, let alone political reform. The regime has done what it must to survive, and, increasingly, survival is its only discernible goal. Lately Castro has suggested in interviews that he does not care all that much whether the society he built outlives him. Some say he is more interested in securing a place in history as a hero who resisted the Americans to the end than in organizing a transition of any kind. The public discourse of the revolution these days is intensely retrospective and militarized. Newspaper articles commemorate the twentieth anniversary of the Cuban victory in Angola, the thirty-fifth anniversary of the Bay of Pigs, the centenary of Maceo's death in battle. Cuban officials even tell

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visitors with a straight face that the Brothers to the Rescue planes had to be shot down because it was the hundred and first anniversary of the start of the Second Cuban War of Independence.

Such insistence could be seen as bespeaking a weak national identity rather than the strong one Cubans often boast of. In a country like France or Spain, such allusions would make no sense. The emphasis on sovereignty and combat can be understood to express the fear that the United States will overwhelm Cuba's identity. The nationalists view it as tragic that Fidel Castro has been reduced to what he is—the leader of a small, poor country of 11 million people, 90 miles from the United States—rather than standing out, as his friend the novelist Gabriel García Márquez once wrote, as the creator of "a foreign policy fit for a great power."

What Castro is is probably the luckiest world leader alive. He was lucky to not have been shot by Batista, defeated in the Sierra Maestra, or overthrown by the United States, and he was lucky the Soviet Union was willing to subsidize Cuba's economy for more than two decades. Communism may be dead, but he hangs on and on. About to turn 69—four years younger than presidential candidate Bob Dole—Castro has outlasted eight American heads of state. Although many confidently awaited the end of his reign in 1992, four years later the regime appears to be in no imminent danger of collapse. Whatever his failings, Castro is a redoubtable tactician.

His worries of the past few years, however, have been urgent. In 1992, during the deep economic crisis of the "special period," the U.S. Congress approved the Cuban Democracy Act. Doubtless some of the many optimists on Cuba have been bemused by the vulgar version of the concept of civil society in which economic reforms by a totalitarian state lead ineluctably to political reforms and, eventually, a market democracy. That was certainly the logic behind the 1992 act. Known as the Torricelli bill after its principal sponsor, Representative Robert Torricelli (D-N.J.), the measure declared that "the fall of Communism in the former Soviet Union and Eastern Europe, the now universal recognition in Latin America and the Caribbean that Cuba provides a failed model of government and development... provide the United States and the international democratic community with an unprecedented opportunity to promote a peaceful transition to democracy in Cuba."

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Passage of the Torricelli bill coincided with the recognition in Havana that even successful macroeconomic development would not deliver soon enough to provide for people's basic material needs. Hence the decision to legalize the dollar, but by last year the regime sensed that that trend was getting out of hand. Dissidence, while still relatively minor, was on the rise. In addition, Castro, forced to grant the Roman Catholic Church in Cuba some freedom of action after 1993, by all accounts has been deeply anxious about its reinvigoration (the church sided with Spain against Martí and with the exiles against Castro).

Most of the Torricelli bill's critics on the left and many of its supporters on the right viewed the law as simply tightening the embargo against Cuba. But some of the bill's provisions liberalized telecommunications links and called for "assistance, through appropriate nongovernmental organizations, for the support of individuals and organizations to promote nonviolent democratic change in Cuba." This line, which became known as Track II, was taken up by Richard A. Nuccio, a former Torricelli aide who after Clinton's election was given the startlingly broad brief of special adviser on Cuban matters to both the White House and the State Department. Administration officials saw an opportunity, as economic liberalization seemed to make the creation of counterweights to the Castro regime's authority a more promising strategy. Nuccio crafted a careful but major change in government policy based on Track II that led to a conference in Washington last December aimed at encouraging humanitarian relief organizations and human rights groups to step up their activities in Cuba.

The Clinton administration's emphasis on a Track II approach alarmed the Castro regime more than the original passage of the Torricelli bill. If the U.S. government turned its attention from supporting the heroic but largely impotent dissident movement to overtly or covertly sponsoring or even just actively encouraging the activities of nongovernmental humanitarian organizations, the regime might find itself faced with powerful opposing forces. Something must be done, Cuban leaders decided, before the country was deluged by international aid and human rights organizations more likely even than the church to share Washington's desire for Castro's departure.

Brothers to the Rescue planes had buzzed Havana in July 1995 and dropped leaflets over the capital this January. Cuba's attack on the two

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planes the next month, in or just outside Cuban airspace, could have been the means the regime chose to freeze the situation with the United States for a while and give itself some breathing room. Or, in National Assembly President Ricardo Alarcón's phrase, the exile group might merely have delivered a rationale for a new government campaign of ideological mobilization "on a silver platter." Whatever the case, using what it termed the aggression against Cuba as a pretext, the regime intensified a crackdown against not only dissidents like Elizardo Sanchez but advocates of political and economic liberalization. These advocates were grouped around two government-sponsored think tanks, one dedicated to the study of the United States, the other to the study of Europe. Cuba says 45 people were arrested or detained; dissidents say 150. "Our conception of civil society," General Raúl Castro, first vice president of the Council of Ministers, declared in announcing the crackdown, "is different from that of the Americans."

Brothers to the Rescue gave Cuba the perfect pretext for a crackdown.

Two weeks after the planes were shot down, Congress approved the Helms-Burton bill, which further tightened the embargo against Cuba. Whatever its merits, the measure had the possibly unintended effect of halting all Track II initiatives under way or in the planning stages. For sponsors of the bill, this was unimportant. Passage of the measure, Senator Jesse Helms (R-N.C.) intoned, meant "farewell Fidel." Most observers, however, believe that while the revolution is over, the Castro regime is not on the verge of collapse. Unlike Helms-Burton, the Torricelli bill, for all its triumphalist rhetoric, took Castro's durability into account: Track II was about building pressure for reform. The new law will severely restrict the freedom of maneuver for groups or institutions that want to undermine the Castro regime without challenging it head on. And Helms-Burton gives the power to lift the sanctions against Cuba to a Congress with nothing to gain and much to lose from changing a single provision, taking it away from a president who, at least in a second term, might have dared to modify the embargo.

This being an election year in which Democrats see Cuban-Americans in New Jersey as an important swing vote, the administration reversed itself on relaxing relations with Cuba after the Brothers

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to the Rescue incident, and Clinton signed Helms-Burton. The hardened American line suits the Castro regime perfectly at present. Some even believe Cuba downed the planes in a deliberate effort to secure the passage of Helms-Burton and create a pretext for the crackdown at home. The regime was well aware of the lack of threatening intent on the part of Brothers to the Rescue, since it had at least one infiltrator in the group. But whether or not the conspiracy theorists are right, the hard line of Helms-Burton clearly is far easier for Castro to deal with than the hard-soft policy Nuccio developed for the Clinton administration, which is now in mothballs.

During the years Cuba saw itself as the patron of revolutionary movements in the Americas—reaching an apogee in 1979 with the Sandinistas in power in Nicaragua and Maurice Bishop in power in Grenada—American military action was always a distant possibility. Indeed, the more Cuban officials reveal about the scope of these involvements worldwide, the more the Reagan administration's analysis of Cuba seems to be vindicated. But today Cuba is relatively unimportant in Washington, except when it comes to the domestic policy issues of immigrants or Cuban-American lobbying. And the regime, having lost its eagerness to foment revolution, is simply trying to hang on, and perhaps waiting for more favorable conditions to launch new policy initiatives. There are those in Havana who hope that Gennadi Zyuganov, the Communist Party candidate, will win the Russian presidential election in June and restore the old relationship with Cuba, but the more realistic believe that for the moment the regime has no good options. Better to freeze things and hope for more auspicious times.

Within the regime deep anti-Americanism remains, continuing to have the potential to mobilize Cubans in large numbers. As one Cuban dissident, who certainly has no love either for Fidel Castro or for the shambles communism has made of his country's economy, remarked to me, "You may criticize the policies we have embarked upon, but were we to choose another way, we would have to compromise our sovereignty. I mean we would have to give you Americans too much of a say in our affairs. Beyond that, even assuming you are right in everything you say—and these days, sometimes I am of the opinion that you are—you Americans, with your history of meddling in our

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affairs and trying to dominate us, simply do not have the moral standing to be the ones to deliver the judgment."

The problem for Castro is that with the disintegration of the Soviet empire, the Americans have never been stronger. During the rafters crisis in the summer of 1994, when tens of thousands of Cubans set sail for Florida, the dissident leader Eloy Gutierrez Menoyo quipped that if he were President Clinton he would call Castro and tell him that if he allowed one more rafter to leave, the United States would lift the embargo immediately. "That would have put an end to it, I guarantee you," Gutierrez Menoyo said, laughing. As it turned out, the migratory accords that ended the crisis—providing for 20,000 immigrant visas annually while doing away with automatic political asylum for Cubans—which Cuba has scrupulously abided by although another crisis is not unthinkable, were to Cuba's benefit, serving as a safety valve for disgruntled citizens. But it is not clear what Castro's reaction to a lifting of the embargo would be even in the unlikely event the U.S. government asked for no quid pro quo, no moves toward democratization or multiparty elections or any of its other minimum demands. Doubtless the Maximum Leader would celebrate his victory, but he would look for ways to limit the effect of the end of the heroic struggle with the United States.

But all this is academic after the shooting down of the planes and the deaths of the four Brothers to the Rescue inside. That has changed everything. Even remittances from Miami have slumped, although Cuban officials speak confidently of a rebound within a few months. On the island, things are fractionally worse, with declines in new foreign investment. But that is not a reason for anyone to expect the Castro regime to fall. As one Cuban remarked to me, "There is one institution in this country that really does function properly. It's called State Security. And as long as it is loyal to the regime, people will prefer to keep their heads down, dream of moving to Miami, or just go on trying to get by."

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Taiwan's New Nationalists

Ian Buruma

DEMOCRACY WITH TAIWANESE CHARACTERISTICS

THE PRESIDENTIAL election was over. Discarded baseball caps with party insignia still littered the streets of the old city center as municipal workers tore down election posters. For the first time in the history of the Republic of China on Taiwan, such people had voted for their national leader. Taipei buzzed over the March election for quite a while, as though people could not believe what had happened. The three state-run television stations continually broadcast scenes from the victory celebrations of President Lee Teng-hui and his running mate, Lien Chan. Radio talk shows and the 63 cable stations rehashed the results, and callers asked about China's designs on Taiwan, the chances of further democratic change, and the problems of national independence.

Ten years ago, all this would have seemed like a fantasy. Until the mid-1980s Taiwan's authoritarian government ruled by martial law, suppressing dissent and imprisoning opposition activists. But a week before election day, I walked into a restaurant at an expensive hotel, past a sign in English that read, "Please deposit your cellular phone with the hostess," and joined a group that included a dissident writer who had been jailed for more than a decade in Taiwan, a leader of the 1989 Tiananmen Square uprising in the People's Republic of China, and a former speechwriter for Zhao Ziyang, the reformist general secretary of the Chinese Communist Party who was purged in 1989. They were discussing the extent of government corruption in Taiwan, the prospects for Chinese democracy, and the outlook for Taiwanese independence. Not long ago one could have been arrested for such talk.

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The trend toward democracy appears to be gathering speed in Asia, especially in countries that were once American client states. While the authoritarian rulers of Burma and China have snuffed out popular demonstrations calling for democracy, a combination of local activism and prodding from Washington has done the trick in South Korea, the Philippines, and Taiwan. However, American pressure on Taiwan to open its political system is different, for the United States does not officially recognize Taiwan as a sovereign state; after President Nixon's 1972 visit to China, the relationship with Taipei cooled, and in 1979 the United States severed diplomatic relations and recognized the People's Republic in its stead. Yet the quiet, and sometimes not so quiet, Taiwanese insistence on national sovereignty lies at the heart of the new democracy. Until the 1990s, both the Nationalists, also known as the Kuomintang (KMT), on Taiwan and the Communists on the mainland claimed to represent the whole of China. They disagreed on everything else, but they shared a commitment to the goal of reuniting the mainland and Taiwan under a single government. This aim gave dictators on both sides of the Taiwan Strait patriotic legitimacy and formed the basis for an alliance of enemies that lasted more than four decades. But now that the Taiwanese have directly elected their own president, who is more committed to the preferences of Taiwan's voters than to the one China envisioned by those of mainland extraction, the alliance is breaking down and Beijing is losing political face. Taiwan has a democracy, while Beijing has nothing but force.

Explaining how Taiwan became a democracy, well-informed people repeat a refrain that can be summed up in four phrases: economic development, a burgeoning middle class, a vibrant civil society, and political reform. Yet the roots of Taiwanese democracy are deeper than the boom that has produced the bulging department stores, the Italian coffee bars, and the nightclubs where people sing Japanese pop songs while gulping down vintage French wines, Chinese style—all in one go. The most powerful force driving Taiwan's newborn democracy is not a rising standard of living but a peculiar kind of nationalism. It pits those Chinese whose ancestors came to Taiwan over the past several centuries against those who fled to Taiwan from the mainland in 1949. It sets the vision of an independent Taiwan against the

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dream of one China. At the core of the nascent democracy is the clash between Taiwan's new nationalists and China's old Nationalists.

A STATE WITHOUT A NATION

WEI RUI-MING is the special assistant to Peng Ming-min, who was the presidential candidate for the largest opposition party in Taiwan, the Democratic Progressive Party. The DPP, formed illegally in 1986 and officially recognized in 1989, has always been in favor of an independent Taiwan. Both Wei and Peng returned to Taiwan just two years ago from exile in the United States to pursue political careers. Peng lost badly, receiving only 21.1 percent of the vote to Lee's 44 percent. Afterward, the DPP chairman, Shih Ming-teh, who had spent 25 years in a Taiwanese jail as a political prisoner, bowed deeply to party supporters and apologized for the result. Wei's office had been Peng's campaign headquarters, and some of the telephones had already been disconnected by the time we met there, a couple of days after the election.

The morning after the election, Wei, a Presbyterian, had sought comfort in church. In 1896 the Japanese, who ruled the island from 1895 to 1945, quashed a Taiwanese rebellion, and some of the survivors found protection in a Presbyterian church. Wei said there were a lot of newly converted Presbyterians that year, including his grandfather. His face creased with a wry little smile, revealing humor as well as defiance. Then, with that same wry look: "There were many crying faces in church yesterday."

Is not the fact that the election took place at all a cause for celebration? Wei's face brightened, and he let out a barking laugh. He first became involved in dissident politics while studying in Japan in the 1960s. His aim then was the independence of Taiwan. It still is. The difference is that people are no longer jailed for promoting that cause. He showed me a small black-and-white photograph of his wife and two children in Tokyo before they returned to Taiwan and he left for New York to study theology. He had wanted them to join him in the United States, but the government had noticed his political activities. His family's exit permits were revoked, and the family—minus the father—was stuck in Taiwan under constant surveillance. Wei's family silently blamed him for their sense of abandonment.

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While in the United States, Wei saw a movie with Peng about a political prisoner whose daughter tells him she respects his ideals but resents him nonetheless. She wonders why he bothered bringing her into this world if he was willing to devote his life to a cause at the expense of his family. Wei cried in the dark theater and afterward phoned his daughter Kathy in Taiwan to apologize. He did not see her for 15 years, until she was finally allowed to leave Taiwan to study biology in Binghamton, New York. "I am 60 now," Wei said in correct but halting English, "and it has been hard. But I have no regrets. If I were born again, I would do the same thing. I have no choice. I don't know how long I will live, but I'll do my best to convince people to take the future of Taiwan seriously. For to be annexed by China would be a great tragedy for the Taiwanese people."

The most powerful force driving Taiwan's newborn democracy is nationalism.

There was much rejoicing over the Taiwanese election overseas, and not just for the Taiwanese. Martin Lee, leader of Hong Kong's Democratic Party, which advocates democracy for the British territory even after the planned reversion to Chinese sovereignty in 1997, called March 23 "a proud day for all Chinese people around the world." Chai Ling, one of the leaders of the Tiananmen uprising in 1989, was in Taipei with other political exiles from China, making the rounds of the television talk shows and giving newspaper interviews. She applauded the election, saying it gave courage to the people on the mainland.

Chai was recognized in Taiwan. Young women giggled and asked for her autograph; taxi drivers refused payment. Nevertheless, tension persists between the mainland Taiwanese, who represent roughly 15 percent of the island's population, and many so-called native Taiwanese, whose ancestors arrived on the island before the 1940s. The mainlanders, whom native Taiwanese often call "outside-province people" or, more politely, "latecomers," arrived in large numbers in 1949, when Generalissimo Chiang Kai-shek brought to Taiwan his ragtag army, imperial treasures, and quasi-Leninist party, the Kuomintang.

Until a few years ago, statues of Chiang were prominently displayed in front of almost every public building in Taiwan. KMT rule was so heavy-handed that Taiwanese of the older generation were

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discreetly nostalgic for the Japanese period. The Japanese had made Taiwan into a model colony, years ahead of China in technology, infrastructure, and education. Under the Japanese, Taipei was more modern than most Japanese cities; Japanese planners could do what they liked there, unhindered by the regulations that held them back at home. But then, many Taiwanese will tell you, the KMT ruined everything with its undisciplined soldiers, corrupt officials, and absurd dream of taking back China.

Taiwanese complain that they have a state but no nation. A DPP campaigner who had spent more than ten years in jail for advocating Taiwanese independence asserted that the dissidents in China do not really want democracy; their primary aim is a Chinese empire, led by a new Mao or Chiang. Unfair perhaps, but an opinion that is widely shared. Taiwan's democracy is laced with a defensive nativism, defensive not only toward the People's Republic, but toward all Chinese whose grandparents were not born on Taiwan. President Lee, himself a Taiwanese who grew up under the Japanese Empire, exploits this rift in Taiwan's politics and society, which is why so many voted for him and why many mainlanders resent him for taking over "their" KMT.

MAKE MONEY, NOT POLITICS

"WELCOME, WELCOME, how can we help you? I was a political prisoner for almost 20 years." The day before the election, standing in the DPP campaign headquarters in Kaohsiung, the biggest city in the southern part of the island, the heartland of native Taiwanese sentiment, I was greeted by Huang Hua, the local DPP campaign manager. Huang laid out the party's case. I had heard it before, but rarely expressed so succinctly: "We always said that the KMT's aim of recovering the mainland was nonsense. If you want democracy in Taiwan, you must recognize everyone's civil rights as Taiwanese citizens. That means an independent nation." He invited me to join him at the final DPP rally before election day.

That evening I spotted him through a haze of smog and exhaust spewed out by the fleet of taxis, private cars, and even the odd tractor that was waiting to take everyone to the rally. Huang, sporting a DPP baseball cap bearing the party symbol of a blue whale in the shape

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of Taiwan, instructed me to get into one of the taxis, where I was joined by a young woman, tall, thin, a little overexcited. Her name was Kathy Wei. In fast, fluent American English, she described her student days in Binghamton and her married life in Dallas and Los Angeles, where she worked for a Chinese-language radio station. She told me about her confrontation in the United States with emigrants from communist China. They had a negative attitude toward work, she averred. They would say: Why work hard? They'll only give us more work if we finish. Kathy did not want to be "infected" with such attitudes. She felt different. She was Taiwanese.

We stopped off at a supermarket on the way, and a young man lugging cardboard boxes freed one hand, thumped his chest, and shouted at me in passing: "I am Taiwanese. Taiwan man. China no good." It is the kind of thing one rarely hears in such explicit language in Taipei. In the south, however, one hears it all the time. Kathy explained that Taipei is the capital of the mainlanders: "Most of the best jobs there are reserved for mainlanders. We feel very different down here."

The KMT, said to be the richest political party in the world, had booked the main sports stadium for that night. It takes a lot of money to bus in thousands of students and members of civic organizations and farmers associations to attend a party rally. It takes still more to pay for pop stars in silver lamé suits and flamenco dancers to entertain the crowd between speeches. Even so, the atmosphere at the KMT gathering later that night was listless: rows of silent people in identical baseball caps, fluttering their flags when the agitated emcee on stage so directed.

The DPP rally was held in a small, sandy park. There was no show to amuse party supporters while they waited for Peng's arrival. People streamed in from all directions, waving green-and-white party banners. Kathy Wei was hopping with wiry energy. We were soon surrounded by men who were keen to give us their views. They were poorly dressed, one had no front teeth, another was in his undershirt. Some were factory workers, some worked as stevedores in Kaohsiung harbor, others were unemployed. The man with no front teeth held forth angrily about KMT corruption, how it shamed all Taiwanese. He spoke of vote-buying, gangsters, and the KMT city councilor in Kaohsiung who had had another councilor killed. Another man, one of the stevedores,

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spoke of his daughter, who attends night school. He wanted her to have a better education than he. But she was not there with him, for her teachers had insisted she attend the KMT rally. "Write the truth about Taiwan," said the toothless man. "Now we are free to speak the truth. That is why we are voting for Dr. Peng. He fought for our freedom."

When Peng arrived, surrounded by bodyguards in black flak jackets and baseball caps, it was already getting dark, and the stage lights barely penetrated the swirls of dust. Peng looked professorial, an owlish man in glasses. He gave a tired smile but was clearly ill at ease in the midst of a cheering mob. Kathy Wei was jumping up and down, waving her green-and-white flag. On stage were Peng, the local DPP candidates for the National Assembly, the bodyguards, and her father, Wei Rui-ming. Her eyes were moist. "This is the best day of my life," she said softly, "the best day of my life."

After a 1947 crackdown, Taiwanese avoided politics, turning instead to commerce.

The next day, in a hotel coffee shop, Kathy told me more about her family and her childhood in Taiwan. Her grandfather had been a schoolteacher during Japanese rule. Like all educated people of his generation, he spoke fluent Japanese; in 1945 many Taiwanese thanked American troops in Japanese for liberating them from Japan. But in accordance with the 1943 Cairo Declaration, the United States turned Taiwan over to the Chinese Nationalist government. The Nationalists maintained Japan's colonial institutions, substituting mainlanders for the Japanese, and exploited the island's resources and labor to rebuild the war-torn mainland. Tensions between the native Taiwanese and their new rulers boiled over on February 28, 1947, when Nationalist troops crushed anti-KMT demonstrations. A terror campaign against students, intellectuals, political activists, and anyone else who might cause trouble followed. The massacres were particularly brutal in Kaohsiung.

For a long time terror had the desired effect: the survivors never wanted to be involved in politics again. Like the Chinese after 1989, the native Taiwanese were bought off by the chance to make money. They turned to commerce, and KMT officials governed, their authority largely unchallenged. Those who continued their political activities were widely viewed as troublemakers, and even their own

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families blamed them for causing unnecessary hardship. The scars of the "28 February Incident" did not heal quickly; for many years it could not be mentioned in public. Recently, a park in central Taipei was named after the event, yet another sign of how much has changed.

Like the Communist Party in China, the KMT tried to control everything on Taiwan, especially education. Moral education meant instruction in KMT ideology—a mixture of Chinese chauvinism, military discipline, and worship of Chiang's family. History meant the history of China, not Taiwan. Kathy Wei remembers the day she was asked at school to sign up for the KMT, an act most did without thinking. For her, it was a terrifying moment. Nervous and angry, she ran from the classroom and locked herself in her dormitory. She never signed. Why had she risked ostracism? Was it loyalty to her father? She thought for a moment. "No," she said, "I guess it was more out of loyalty to Taiwan."

THE COCKTAIL OF IDENTITIES

TAIWANESE SPEAK a Chinese dialect that is incomprehensible to a speaker of Mandarin, or standard, Chinese. In Taipei, where most mainlanders live, one hears mostly Mandarin, but in Kaohsiung, one hears little but Taiwanese. During election week, my hotel in Taipei, owned by a Cantonese businessman, felt like the center of the overseas Chinese world. Legislators from the Hong Kong Democratic Party stayed there. The Beijing dissidents were there. And Chinese-American supporters of the New Party, a breakaway faction of the KMT that vigorously opposes Taiwanese independence, were there as well.

Before the election I had breakfast with two American members of the New Party, Gloria Chen and David Chien, and Chai Ling, the Chinese student leader. Like most New Party members, Chen and Chien's families are from the mainland. Chen launched into a speech about the need to teach the Taiwanese about democracy. "Just because you have elections," she explained, "that doesn't mean you have democracy. The local people here don't know what they want. They are so easily manipulated. We were lucky enough to learn about democracy in the States, so we want to teach the local people about democracy." Chien nodded in agreement. "You see," he said, "most Chinese who moved to the States are intellectuals. So we treat politics more rationally." Why

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had they left the KMT? Speaking at the same time, Chen and Chien repeated the complaints of DPP supporters: corruption, gangsters, the murder case in Kaohsiung. At this point Chai Ling said in flawless American English, "Surely there is reason for the Taiwanese to be proud of their democratic elections." This gave rise to a heated discussion with Chien, half in English, half in Chinese. As I struggled to follow their arguments, Chen poked me and said that President Lee is very irresponsible. He is needlessly provoking China, and, moreover, Japan is manipulating him. Didn't I know that his Japanese is better than his Chinese and that he reads the Japanese papers every day?

The KMT is being transformed into a party of businesspeople.

Chai looked at her watch, broke off her argument with Chien, and said, "Gee, I've got to go. Well, David, Gloria, I want you to know I respect your party and your views and want to thank you for a really useful exchange of ideas. Have a nice day." It felt a long way from Tiananmen Square, where she had once led a popular rebellion armed with only a megaphone. Later, at dinner, she told me how intimidated she had felt when China experts from the West told her that the Chinese were not ready for democracy. There is indeed something offensive about Chinese-Americans telling the Taiwanese that they do not know what they want. There is an element of peevishness in the response of New Party mainlanders and some China hands to the struggle for democracy in China and Taiwan, as though less-exalted people were stealing the intellectuals' right to define what the two countries should be.

Gangsterism, vote-buying, and pork barrel are indeed part of the new Taiwan. When a notorious gangster was murdered in February, most of the political elite in Taipei, including a Buddhist presidential candidate who advocates moral purity, turned up for the funeral. But these are the consequences of the democratic transition. Now that people must run for office, local bosses thrive: they have the connections, and the KMT has the money. While the DPP is still led mostly by intellectuals, the KMT is slowly being transformed from a quasi-Leninist party of soldiers and bureaucrats into a party of businesspeople. And the businesspeople, like the president, are usually native Taiwanese. Listening to critics of Lee Teng-hui in the KMT

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and the New Party, one detects nostalgia for government by political appointees from solid mainland stock.

Part of Lee's genius is his ability to evade easy definition. He is a Christian, educated in Japan and the United States, a Taiwanese national hero, and the leader of the bastion of mainlander power. Waiting for Lee to turn up at a temple for a campaign event, I spoke with a group of legislators from Hong Kong who were in Taiwan observing the elections. They expressed ambivalence about what they had seen: they were amused by the coarse ways of the Taiwanese, but they were also envious of the new democracy. One of the legislators, Christine Loh, related a story about an elderly Lee supporter she had met in a small town in central Taiwan. The man was in awe of the president. While he himself needed to go to the bathroom at least once an hour, the president, an old man like him, could hold it for hours and hours. What a leader! What a man! As we laughed, the large red doors to the temple courtyard swung open. "These doors are used only for the emperor," said a smiling man in a track suit. In came the bodyguards in their standard uniform, black flak jackets, carrying briefcases. And through the cheering crowd and clouds of incense I made out the president, a tall, grinning figure in a baseball cap, waving to all sides.

Once he reached the inner sanctum of the temple, he bowed curtly to the Chinese gods, turned around to face the crowd, and grabbed the microphone. Unlike the owlish Peng, Lee looked like a politician, exuding the glad-handing bonhomie of a Lyndon Johnson. Speaking in Taiwanese, he was hoarse from campaigning. His statement was brief: "For the first time in 5,000 years of Chinese and 50 years of Taiwanese history, people are choosing their own boss. Two days from now you will be master of your president. But the highest boss is God." Is Lee Christian, Taiwanese, or Chinese? He is all of these. But there are two more ingredients in this cocktail of identities, without which neither Lee nor Taiwanese democracy can properly be understood: Japan and the United States.

SELECTIVE XENOPHOBIA

MANY TRACES of the Japanese Empire remain in Taiwan. Taipei has more prewar municipal Japanese architecture—red-brick buildings

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in a faintly Prussian style—than Tokyo, and residential streets are still dotted with wooden Japanese houses. Taiwanese still take their shoes off indoors in the Japanese manner. Taiwanese is full of Japanese words, and many Taiwanese have Japanese names and enjoy watching Japanese films and singing Japanese songs. Until just a few years ago, such entertainment was officially restricted, for the KMT saw affection for Japan as a threat to the order they had imposed. That is why mainlanders criticize Lee's habit of reading Japanese newspapers: it casts doubt on his loyalty to China and thus to the KMT.

Stephen Lee, a well-known human rights lawyer born in Kaohsiung in 1941, spoke Japanese at home while growing up. He noted, "We had many Japanese influences, some good, some bad—mostly good." Japanophilia is so rare in Asia that I was slightly taken aback. But then he added, "You see, we are more honest than the mainlanders. Most members of the mainlander ruling class were corrupt. That's why they came here. They still don't identify with Taiwan."

Japanophilia, then, is an act of defiance, a way of thumbing one's Taiwanese nose at mainlander dominance in the political system. The way some Taiwanese talk about mainlander Chinese verges on bigotry. Mark Chen is a charming, polished DPP politician who spent 19 years in Washington, lobbying congressmen for help in bringing democracy to Taiwan. Would he want Taiwan to unite with a democratic China? He began his answer by talking about Japan. Japan, he said, provided Taiwan with a good, honest government, but "Chinese culture changed all that." The Taiwanese were happy to unite with the motherland in 1945, but the mainlanders "raped our females and killed our friends and fathers. So history tells us that we can never believe Chinese promises. They are tricky people. So even if they have a democracy over there, we are still better off if we remain separate."

For native Taiwanese, the United States, like Japan, is a way to distance Taiwan from China. Chen returned to the island in 1994 and became the first elected DPP governor of a county. In his office in the county capital of Tainan, he showed me a photograph of himself and Peng with Senator Edward Kennedy (D-Mass.). Despite his party's poor showing, Chen was pleased with the way things turned out: "What we are doing here in Taiwan is consistent with the ideals of the American founding fathers."

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Many Taiwanese were educated in Japan and the United States. Modern ideas about science, economics, and politics often first came to Taiwan through Japanese books. The Taiwanese are sometimes xenophobic, but not when it comes to Westerners or Japanese—only toward Chinese mainlanders. When asked whether they approved of the U.S. decision to send two carrier groups to the seas near Taiwan after China conducted several missile tests just off the island's coast in the days leading up to the election, workers in Kaohsiung held up their thumbs in approval and shouted, "Good! Good! Thank you! Thank you!" Few Taiwanese seem to doubt that the U.S. naval action in March and a similar response in December helped their cause in the face of aggressive Chinese behavior. It was, in the words of Mark Chen, "a shot in the arm of the Taiwanese people." And without China's belligerence and the U.S. show of support, Lee would not have received so many votes.

Taiwanese talk about mainlanders verges on bigotry.

The United States began to exert pressure on behalf of Taiwanese democracy around 1984, in the wake of the murder of Henry Liu, a journalist, in San Francisco. Liu, an American citizen, had written a biography of Chiang Kai-shek's son, President Chiang Ching-kuo. The book contained enough dirt on the Chiang dynasty to worry the KMT government. Taiwanese gangsters did the actual killing, but the order is said to have come from the state security police led by Chiang Ching-Kuo's son, Hsiao-wu. In quick succession, the Taiwanese government compensated Liu's widow, President Ronald Reagan pressured the KMT to start democratic reform, and in 1986 Congress warned Taiwan that if it did not lift martial law, its relationship with the United States would suffer. When the DPP was formed that year, Chiang Ching-Kuo did not crack down, and martial law came to an end the following year.

LEADER WORSHIP GONE STALE

CHIANG CHING-KUO, who was originally a hard-liner, recognized as early as the 1970s that the mainlanders could not rule Taiwan alone. He put Lee Teng-hui in charge of agriculture in 1972, named him

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mayor of Taipei in 1978, and appointed him vice president in 1985. When Chiang died in 1988, Lee was just the man the KMT needed to preserve its rule over Taiwan. As a native of the island, he could overcome Taiwanese resentment of the KMT. But Lee's KMT would be different from the party his predecessors had led. He once told a Japanese interviewer that the KMT had been an "alien regime." Lee tried to transform the KMT into a Taiwanese party by implementing ideas that had first been promoted, at great personal cost, by opposition activists. He did not publicly admit it, but he shared the DPP's view that national sovereignty and democracy went together. He released political prisoners, freed the press from censorship, and rid the legislature of the old, often wheelchair-bound Nationalists who still represented mainland Chinese provinces in the increasingly absurd hope of reclaiming them one day. He urged the direct election of the president, which finally came to pass in March. And in his inaugural address following his reelection by the National Assembly in 1990, Lee called for "full academic, cultural, economic, trade, scientific, and technological exchanges" between the People's Republic and Taiwan, implicitly recognizing the People's Republic and abandoning Taiwan's claim to represent all of China.

Lee's reforms have not gone over well with many KMT members. Wei Yung, a senior figure in the party, the president of a private think tank, and a professor of political science, expressed impatience with the provincialism of the local Taiwanese. Wei called for "returning to the status quo ante," a reference to the one-China policy of the mainlander-dominated KMT of the past. Lee, in his view, had "changed the game plan." By "localizing" politics, by instigating what Wei calls "authoritarian populism," Lee had betrayed the ideals of the Republic of China on Taiwan, the legacy of Chiang Kai-shek, perhaps even the Republican Revolution of 1911.

But Wei has bigger dreams. The Republic of China, he said, "is a transitional state. Our mission is not complete." The mission is, of course, to create one China. Lee's Taiwan is no longer a temporary platform for a grand goal, but a cramped little island—or rather several cramped little islands—populated by Taiwanese-speaking folk with rustic manners. Wei's manners are not rustic, but they do betray an irritating swagger. He is proud of his calligraphy, which dec-

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orates the walls of his modern office; his pieces "go for very high prices," he assured me. Men like Wei feel left out of the new KMT, and many have joined the New Party. It is easy to dismiss them as reactionaries whose time has passed. But there is a strand in their thinking that is harder to dismiss: the connection with Chinese dissidents and democrats outside Taiwan.

President Lee's government reacted to the events of Tiananmen Square with extreme caution. Taiwanese in general, even students, were oddly detached, as though the clamor for democracy and the subsequent repression across the strait did not really concern them. The exiles from Beijing were welcomed everywhere in the West, including the White House, but they did not receive an audience with Lee. Lesser-known political refugees who escape to Taiwan are routinely returned to the Chinese authorities. Taiwan makes no provision for those who would seek political asylum. Wei Yung finds it disgraceful. His voice rose in indignation: "I was so ashamed in 1989 that I resigned as president of the party cadre school. We promised to support the anticommunist movement. Why has Lee Teng-hui refused to receive democratic fighters? At least the asylum-seekers should have been allowed in. No guts, no principles."

Without the pretense of one China, the mainlanders have no special right to rule.

Taiwan cannot do much to help the cause of democracy in China. But there is a clash of interests here, which Lee Teng-hui appears to be winning. On one side are those who want a democratic Taiwan for the Taiwanese, and on the other are those who wish for a greater China for the Chinese, albeit on Taiwan's terms. This is not just a question of nativist provincials versus Chinese cosmopolitans. Not all Taiwanese are provincial, and the advocates of one China can be equally chauvinistic. The clash is over political authority on Taiwan. Without the pretense of representing the whole of China, the latecomers from the mainland have no special right to rule. And the Taiwanese have an irrefutable argument: a sovereign people cannot exist without a sovereign state.

Lee will continue to press for international recognition of Taiwan's independence without claiming it so loudly that Beijing resorts to force. And Beijing will keep the heat on Taipei, because otherwise it

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cannot rouse the nationalist fervor that has replaced communism as China's unifying force. Even as Beijing attempts to intimidate Taiwan, Lee Teng-hui's KMT will go on dismantling the laws, institutions, and propaganda that kept the mainlanders in power in Taipei and their dreams of reclaiming China alive. The statues and busts of Chiang Kai-shek have largely disappeared, and lessons in KMT ideology are treated about as seriously in Taiwan as Marxism is in China. As I was repeatedly told in Taiwan, by some in delight and by others in anger, the old myths are rapidly fading.

One of the main shrines to the old KMT, and certainly the grandest, is Memorial Hall in central Taipei. It is a gigantic temple built in the Chinese style, even bigger than the neoclassical edifice that contains Mao Zedong's embalmed remains. The sacred site sits atop a seemingly endless flight of steps, and there a huge bronze statue of Chiang is enthroned, like a faintly smiling Buddha, in a vast marble chamber. Below, in a vault, the legendary history of the generalissimo is portrayed in pictures and documents. His mother, Madame Wang, is revered as "a great exemplar of Chinese motherhood" who "early instilled in him [her son] all the virtues traditional to the Chinese race."

The last time I visited Memorial Hall, in the 1980s, I saw processions of schoolchildren and soldiers, all in their various uniforms, climbing the steps. Even then I detected some giggling and chattering irreverence, but the stale air of leader worship still permeated the place. This time I saw one or two couples on their honeymoon being photographed with their backs not to the hall but to the traditional gardens outside. Children dashed about on skateboards, making a lot of noise. And in the hall of worship itself, I saw a few tourists, mostly young Japanese in shorts, sneakers, and T-shirts. One of them, a young woman, pointed at the bronze generalissimo and wondered who he was. "A famous writer?" her friend offered. "No," said another, without a hint of humor, "it's the last emperor."

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Mexico's Circle of Misery

Jorge G. Castañeda

HOW U.S. BAILOUTS POSTPONE REFORM

SINCE THE debacle of December 1994, when the peso collapsed and Mexico nearly defaulted on its debt, the country has suffered a series of blows to its self-confidence and stability. Mexico has been through crises before—in 1976, 1982, and 1987-88—but the current situation is far more precarious. The country is mired in its 15th year of economic stagnation, corruption has reached unprecedented depths, public cynicism about government has grown, and political violence has returned. Mexico was never the paragon of middle-class serenity, well-being, and modernity that its champions abroad claimed, but its social cleavages and tensions are more serious than ever.

Nevertheless, the imminent explosion that many have predicted will not take place. And though optimists have argued that the Mexican economy is back on track and that the overhaul of the political system has begun, the country is not poised for rapid political reform and economic growth. Rather, as long as Mexico delays the changes that will bring prosperity to all, the country will remain stalled, divided between a minority whose lot depends on the United States and a majority periodically buffeted by economic and political crisis. Until a new generation of bold leaders arises, Mexico will simply muddle through, enacting superficial reforms while failing to confront its imposing dilemmas.

Not since the late 1920s has Mexico suffered so lengthy an economic depression. Per capita income is, in constant dollars, lower today than in 1980. Mexicans purchased fewer automobiles in 1995 than in 1981,

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even though the country's population grew by nearly half during that time, from 66 million to 95 million. President Ernesto Zedillo Ponce de Léon correctly points out that only through sustained economic expansion of at least five percent per year will the standard of living of all Mexicans rise, but the last time the economy grew at that rate for two consecutive years was in 1980-81. Even the most sanguine projections foresee no growth in per capita income during Zedillo's six-year term.

As a result of this protracted economic collapse, income inequality has swelled. In 1984 the top decile received 32.8 percent of national income; by 1989 its share had climbed to 37.9 percent and by 1994, before the current depression, to 41 percent. The fraction of national income going to the poorest half of the population has steadily dropped, from 21 percent in 1984 to 17.5 percent in 1989 and 16 percent in 1994. Excluding Africa, Mexico ranks sixth from the bottom in income inequality, better than Brazil or Chile but worse than Argentina, Venezuela, and Bolivia. Today seven out of ten Mexican wage earners—nine million people—earn $300 or less each month. Thanks to the privatization of state industries and the 1992 reform of the land tenure system, which allowed small landholders to sell their property, inequality of wealth has ballooned as well, even more severely than the disparity in income.

In 1995, for the first time in memory, an economic contraction in Mexico generated large-scale layoffs. The country's true level of unemployment has always exceeded official statistics, but historically the lucky few with jobs had managed to keep them through successive economic downturns. Not this time. More than a million Mexicans lost their jobs, their plight exacerbated by the lack of unemployment insurance and by a 50 percent inflation rate that ate into their severance pay. As the government cuts public spending to meet its debt payments and comply with restrictions imposed by the United States and the international financial institutions, the threadbare social safety net on which Mexicans have relied is disintegrating. Even if the country's economic performance improves during the second half of 1996, two or three years of sustained recovery will be required just to regain the ground lost over the past year.

Since the Great Depression, Mexicans have believed that they, virtually alone among the Latin American nations, have enjoyed rela-

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tive tranquillity and prosperity, but the country's experiences since 1993 have shattered that myth of political and social harmony. Political violence had supposedly been banished from Mexico, albeit at the cost of maintaining the world's longest-lasting authoritarian political system. The list of attacks during the last three years is extensive and disconcerting: an armed uprising of indigenous people in the state of Chiapas; the unsolved assassinations of Cardinal Juan Jesús Posadas Ocampo, Institutional Revolutionary Party (PRI) presidential candidate Luis Donaldo Colosio, and PRI Secretary General José Francisco Ruiz Massieu; the massacre of 17 peasants in the state of Guerrero; the shooting of two leading Mexico City public officials; numerous gangland killings in Guadalajara, the bullet-ridden corpses of drug middlemen deposited daily on the same traffic circle; abuse of police power throughout the countryside; and widespread resort to vigilante justice as townspeople punish, on occasion even threatening to lynch, their tormentors. Finally, while the people have generally tolerated some corruption in Mexican politics, under the administration of the previous president, Carlos Salinas de Gortari, it reached unparalleled proportions.

Mexico has not suffered so lengthy an economic collapse since the Great Depression.

Despite Zedillo's efforts to reestablish—or perhaps inaugurate—the rule of law in Mexico, most of these breakdowns in law and order have gone unpunished and will probably remain so. The Mexican public, and certainly the middle class, interpret the crime wave in the nation's larger cities as an extension of the assaults on the country's most powerful citizens. Many believe that if such potentates are at risk, then common folk are immeasurably more vulnerable. The onslaught of kidnappings and holdups has confirmed their worst fears. A vicious cycle has emerged out of this maelstrom of violence, insecurity, and impunity. With the high-profile crimes of past years still unsolved, Mexicans have become increasingly doubtful that lesser felonies will receive their just deserts, enhancing doubts about the effectiveness of judicial reform and feeding the impression that anyone can get away with anything.

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THE AMERICAN DIVIDE

ALTHOUGH IMMEDIATE concerns, such as electoral reform, an economic turnaround, and the credibility of the current government, are troubling, longer-term trends within Mexico will have far greater impact on the country's future. The conventional wisdom about Mexico is divided into two camps, one predicting disaster and the other asserting that the solution to Mexico's travails is simple. These developments dispel the forecasts of both groups; neither social explosion nor decisive political reform and economic growth are likely to visit Mexico in the near future.

The events of recent years would appear to bolster the prognoses of the prophets of gloom, but their view overlooks a new cleavage that is rapidly cutting across Mexican society. This split separates those Mexicans plugged into the U.S. economy from those who are not. This division existed in Mexico as far back as the last century, but it manifested itself until recently only in isolated instances. However, since the Salinas years and the subsequent unraveling of the Mexican miracle, it has become the most significant rift in Mexico's society. It divides Mexicans who are highly sensitive to government macroeconomic policy from those who are indifferent to it. It separates those who correctly believe that politics and events in Mexico still determine their destiny from those who just as rightly understand that the decisions most critical to their lives are made in Washington and New York. It parts Mexicans who remain on the margins of global flows of capital, goods, and services, even if they are not on the margins of Mexican society, from those who are steadily being integrated into those flows. This growing group of Mexicans oriented toward the United States is isolated from much of the country's economic tribulation and relatively complacent about its political travails. While these Mexicans are less impervious to the onslaught of violence, they are, consciously or not, retreating into an economic and political world of their own. The minority whose fortunes are not dependent on Mexico's development is large enough to prevent a social cataclysm in the country, and while it will not hamper reform, it also will not facilitate it.

The fracture is not regional, class-based, or ideological. Despite concerns that Mexico's north is being sundered from its south, the

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more significant cleavage is much more complex. The fate and well-being of vast regions of the Mexican south and east are as directly connected to the United States as cities closer to the border, like Tijuana and Monterrey. Nor is the division rooted in economic class: the wealth and power of many Mexican magnates is devoid of any American connection, and the meager livelihoods of millions of destitute Mexicans depend almost entirely on their association with *el otro lado,* the other side. Nor does this fissure follow ideological lines. Much of Mexico's left perceives the links with the United States as dangerous to the country's autonomy, but many others on the left encourage bonds with the United States in the hope that they will produce greater respect for human rights, democracy, and social justice. A large portion of the right believes closer ties with their neighbor to the north will lead to their country's salvation, while many free-market conservatives fear American influence as a menace to the nation's mores.

Mexican society is split between those plugged into the U.S. economy and those who are not.

The first and most numerous contingent of Mexican citizens whose affiliation with the United States distinguishes them from their fellows are the migrant workers, the millions who toil in the fields, valleys, and sweatshops of California and Florida and the restaurants and flower shops of New York and Chicago. The precise numbers involved are a bone of contention on both sides of the border, but they are, by any account, very large. According to official statistics, which greatly understate the total, yearly remittances from workers in the United States to their families in Mexico amount to nearly $4 billion. If a remittance of $100 per month per family is a fair estimate, between 3.5 and 4 million Mexican homes receive income from abroad. Even though most migrants are young and either single or just starting their families, it is still safe to say that upwards of ten million Mexicans live directly off money sent home by their sons, husbands, and fathers working north of the border. The number of Mexican migrant workers has greatly increased since the country's economy turned sour in 1982, and the number of Mexicans dependent on resources from abroad has similarly expanded. What was previously a small minority concentrated in the rural areas of the

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central states now includes large numbers from the sprawling Mexico City metropolitan area, the western sierra running through the state of Puebla, and the states of Oaxaca, Morelos, and Guerrero.

The second group that belongs to the U.S. side of the division comprises those Mexicans—businesspeople, workers, accountants, lawyers—involved in the rapidly expanding export sector. The numbers have been greatly exaggerated by the American press in the debate over the consequences of the North American Free Trade Agreement; over the last 15 years, manufactures have garnered a larger share of total foreign sales in part because the price of oil has dropped dramatically to less than half that of the early 1980s. Moreover, although manufacturing is one of the country's few growth sectors, greater foreign sales have not translated into more jobs. Nevertheless, this trend involves a large number of Mexicans, and their alienation from their surrounding society is made still clearer by the export industries' increasing geographic separation from the rest of the country.

Those Mexicans tied to the U.S. are retreating into a world of their own.

The most obvious example is the border factories, the *maquiladoras,* which employ over 600,000 Mexicans. Virtually all the inputs for these approximately 2,500 plants are imported, and all of the output is sold abroad. Practically no links with the rest of the country have been constructed over the years, and though the companies are allowed to sell a portion of their wares in Mexico, they choose to ship everything across the border. Thus their influence on employment and the local economy is modest, and since wages are low, even by Mexican industrial standards, and many of the employees are young, single women and men, the spillover effects are limited. Nonetheless, the *maquiladoras* support at least two million Mexicans. The American economy serves as a life-support system for the border factories: without it, they would disappear.

The *maquiladoras,* however, represent only a fraction of the booming Mexican export sector. Other export industries—automobiles, steel, garments, cement, mining, and glass—are also thriving. After oil and the *maquiladoras,* automobiles are Mexico's largest export industry. In 1995 domestic demand plummeted nearly 70 percent, but exports

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rose 37 percent, resulting in a net loss in total sales of only 15 percent. The greater number of exported vehicles has been accompanied by a growing volume of imported components, and thus overall employment in the industry, around 170,000, has remained stagnant since 1989. But the automobile industry still supports more than half a million Mexicans. The companies, their owners, and their workers are increasingly independent of the performance of the Mexican economy and largely indifferent to the fluctuations of the Mexican business cycle.

Of the country's largest export firms, a growing number sell more than half their output abroad. They range from General Motors de Mexico, the nation's largest private sector exporter, which even in a strong year like 1994 sold 30 percent more vehicles abroad than at home, to Mexico's chief cigarette manufacturer, whose exports account for three-quarters of its sales. They include multinational corporations such as IBM and Kodak as well as steel mills. The manufacturer of Corona beer, Mexico's 28th-largest exporter, with foreign sales exceeding $150 million, has built a strong network throughout Mexico, but even this model of a domestic-based firm now sells nearly one bottle of beer abroad for every one drunk by Mexicans—an indication of its competitiveness and of the shift in its fortunes. The jobs and salaries of its nearly 40,000 workers now depend at least as much on foreign as domestic profits. Cementos Mexicanos, one of the world's largest cement producers, is in a similar predicament. In 1993, a year of virtually no growth in the Mexican economy and a sharp contraction in the domestic construction industry, Cementos Mexicanos sold 90 percent of its output abroad, mostly in the United States. This was an outstanding achievement but also a telltale sign of the company's, and the Mexican economy's, transformation.

The tourism trade is, of course, practically invulnerable to Mexico's economic fluctuations, since its prices are almost universally quoted in dollars. Broad swaths of the country—Cancún, Baja California, Puerto Vallarta, and, to a lesser extent, Mazatlán, Manzanillo, and Ixtapa—cater exclusively to foreign tourists, four-fifths of them American, and form a sort of duty-free dollar zone. Airfares, hotel rooms, and other amenities are generally purchased in the United States through tour operators that do not adjust their prices as the exchange rate dips and climbs. Most local stores and restaurants accept dollars, and many of

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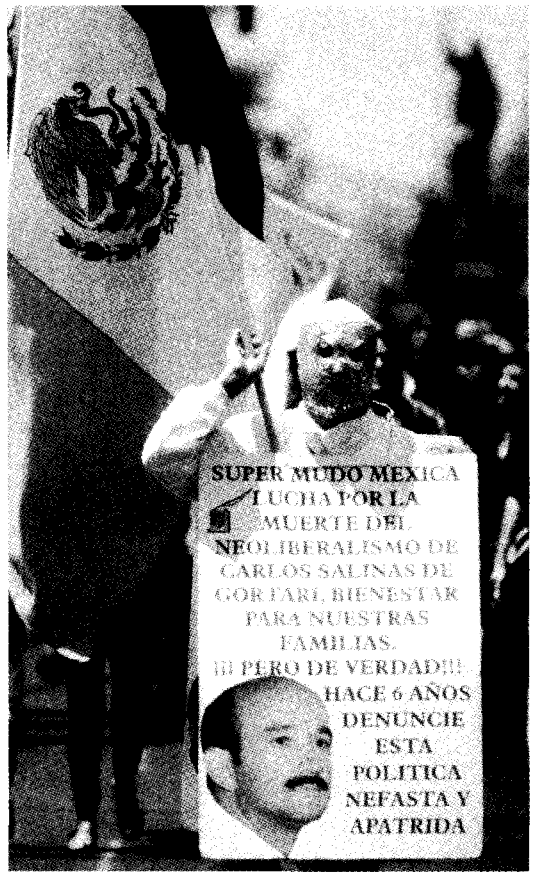
the tourist trade's basic needs, from satellite dishes to Perrier sparkling water, are imported. The 315,000 inhabitants of Cancún and the 600,000-odd Mexicans employed in the tourist industry nationwide are notably insensitive to domestic macroeconomic indicators and even to noneconomic issues such as violence and political strife.

Finally, countless Mexicans have links to the United States of an unspecified nature, from the billionaire with apartments in Vail and Manhattan to the drug lords from Sinaloa, Ciudad Juárez, and Tamaulipas who export their wares to the United States and import most of their inputs from South America. This sweeping category also includes the hundreds of thousands of Mexicans with bank accounts, credit cards, insurance policies, and other assets in the United States, as well as the growing number of professionals—teachers, doctors, dentists, engineers—who spend part of their time working or studying in the United States.



BLACK STAR

A demonstrator protests against the economic reforms of the Salinas administration.

Few of the Mexicans whose lives are increasingly determined by their links with their neighbor to the north would want to cross the line permanently, even if the U.S. government, in a moment of pro-immigration weakness, allowed them to. They prefer to reside in Mexico, but, one way or another, they make their living through the United States. With time, the interests of the Mexicans in the U.S.-connected sphere will displace their traditional affection and concern for Mexico. Because they have a way out of Mexico's misery, they are different from their countrymen. Unfortunately, they are a minority and probably condemned forever to be one.

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The key to understanding Mexico's future rests on accurately assessing the impact of this minority, which constitutes between one-fifth and one-quarter of the population. It is sufficiently numerous and dispersed to serve as ballast for the entire country. A nationwide social explosion, such as the Revolution of 1910, is virtually impossible while such a large, regionally well-distributed, broadly based segment of the population is thriving and as long as a sizable portion of those outside this realm hope, however unrealistically, to attain its benefits in the foreseeable future. But the country is simply too populous for all those excluded from this cross-cutting cohort to be embraced by it within any reasonable time frame. Many in the United States and Mexico do not yet grasp a fundamental demographic constraint: there are simply not enough tourists from Chicago, export firms in Monterrey, or low-skill jobs in California to go around.

Yet enough enjoy the gains inherent in these ties to the global economy, and enough, despite much evidence to the contrary, expect to join in the prosperity, for the status quo to remain indefinitely sustainable. The modern sector of the economy, with its high growth rates and rising wages and employment, supplemented by stable remittances from abroad and adequate revenues from tourism and narcotics, can smoothly function alongside a stagnant, traditional domestic economy. Occasional outbursts of rage and despair from the inward-oriented sector of Mexican society will inevitably erupt, but, as the Zapatista rebellion in Chiapas demonstrated, these can be contained and managed.

WAITING FOR REFORM

THE SEGMENTS of Mexican society linked to the United States include key constituencies and power centers, and their indifference to the course of events in Mexico weakens the chances of meaningful reform. They do not oppose democratization, but without a stake in political change, they also have little reason to foster it. To avoid the indefinite continuation of the status quo and its precarious stability, Mexico would have to abandon its current political system, renegotiate the tradeoffs and sacrifices that lie at the heart of its political and social structures, and create a new order based on a reworked social contract. Mexico's persistent inability to achieve these goals explains

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the country's decline over the last 20 years. And given the current leadership, a significant upturn in Mexico's fortunes is unlikely.

The political system created after the Revolution of 1910, in the late 1920s and mid-1930s, was authoritarian, but through its processes, the country's elites and organized masses peacefully reached consensus on economic, social, and foreign policy, permitting the economy to grow at an annual rate of six percent for four decades. In exchange for protection from foreign competition, subsidies, and a subdued labor movement, the business community agreed to save and invest at high levels and join foreign investors in limited partnerships. The union bureaucracy traded independence and activism for a limited welfare state, job security, and its very survival. The church acquiesced to the anticlerical constitution of 1917 but was awarded de facto recognition and privileges in return. The peasants tacitly accepted a nefarious but effective bargain: they would stay away from the cities and respect property rights, receiving the promise—and in sufficient cases, the reality—of land ownership. The United States allowed the postrevolutionary regime to do pretty much whatever it pleased as long as Mexico remained stable and within Washington's geopolitical orbit.

In the late 1970s and early 1980s, as economic growth stagnated and the emerging middle class became intolerant of authoritarianism and corruption, the time came to reconstruct the 60-year-old fundamental agreements, but the political system proved dysfunctional. Mexico's success—40 years of economic growth, urbanization, and increasing literacy and social mobility—had transformed the country. The nation's political, intellectual, and business leaders abdicated their ideological positions, and as pressure from abroad mounted, they allowed formal reforms: trade liberalization, the free trade agreement with the United States, privatization, a haphazard dismantling of the welfare state. But the old system could not deliver the new pacts indispensable for the resumption of economic growth, a democratization of Mexican politics that would not jeopardize the country's stability, and even a moderate reduction in inequality. It did retain sufficient strength, though, to impede the birth of a new order.

No political arena or institutional mechanism existed through which Mexico could address the challenges facing it. Thus the coun-

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try left its dilemmas unresolved: higher taxes and public spending or an efficient private sector; opening the borders to low-priced imports for exporters and the middle class or supporting national industry and agriculture in domestic and world markets; maintaining a strong exchange rate that would encourage low inflation or preserving a lower rate that would promote Mexican products in foreign markets; attracting foreign investment or maintaining autonomy in the design and implementation of economic policy; democratizing the union movement or ensuring labor peace; proceeding rapidly with modernization that would benefit a minority or focusing on the advancement of the throngs who have been left behind.

Mexicans must renegotiate the pacts that lie at the heart of their political system.

The current authoritarian political system cannot help Mexicans forge the pacts necessary to sustain a competitive economy. The redistributive effort that Mexico's glaring inequality makes imperative is inconceivable without trust and accountability. Mexico requires a deep, broad alliance among business, labor, and the state along East Asian lines. The wealthy and the middle class will not pay higher taxes unless they can be certain that the funds will not be squandered or stolen, that they will be devoted to educating Mexico's 25 million children, improving health care, and combating poverty. As in other countries at comparable stages of development, the state will have to assume a leading role in building the infrastructure needed for a modern economy, but taxpayers and foreign creditors will be reluctant to contribute their share until the state meets standards of probity and efficiency. And the church and the right must understand that nothing can be done to alleviate Mexico's penury without a draconian birth control program. None of these concessions—or the others for which Mexico clamors—are imaginable under the present political order.

Without new agreements, the country cannot overcome the impediments to growth and welfare and will remain in a prolonged period of economic stagnation, political involution, and social regression. Tinkering with the system by improving electoral fairness and curtailing human rights violations and corruption is a great improvement, but it does not constitute a mechanism that would help

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Mexico debate and effectively resolve its quandaries. Every now and then, a silver bullet has been hailed as the solution to Mexico's troubles: free-market policies, a closer relationship with the United States, electoral and judicial reform, export growth, increased domestic savings through pension fund privatization. That these minor steps are expected to deliver the country from its misery is indicative of the magnitude of Mexico's problems.

Fashioning an entirely new political system has never come easily to Mexico. For nearly 60 years after independence in 1821, Mexico was ravaged by civil war, economic turmoil, and foreign invasion; only with the strong reign of General Porfirio Díaz, beginning in 1876, did the country achieve some measure of political stability and economic growth. The Revolution of 1910 shattered the existing order, and 25 years passed before the contemporary political system finally emerged. The current interlude began at least 15 years ago with the debt crisis of 1982. None of these transitions was negotiated painlessly. Founding a virtually new republic entails significant costs and turbulence.

Not surprisingly, then, electoral reform, high on Mexico's agenda as recently as 1994 and a goal to which the Zedillo administration seems truly committed, does not seem terribly relevant to most Mexicans today. A comprehensive political opening—beyond free and fair elections to democratization of the country's unions, media, associations, and federal, state, and local institutions—would undoubtedly unleash centrifugal forces that the central government would be hard-pressed to control. Conversely, limited electoral reform, while conceivable and important, does not excite any Mexicans except the politicians involved in negotiating it. Mexican public opinion is largely indifferent to the prospect of electoral reform, and without broad-based support, opposition parties cannot pressure the incumbents to venture beyond cosmetic change. Caught between its wish to legitimize the political system by finally installing free and fair elections and its rational desire to win these contests at any cost, the PRI has confined the scope of reform to technical details, feeding the apathy and cynicism of the electorate. Thus, while growing numbers of Mexicans recognize that elections are becoming cleaner, many also view them as meaningless.

Free elections are the keystone of a new Mexican political system, but they are just one part of a larger structure. The rule of law is es-

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sential, but it is inconceivable without an independent judiciary, which in turn cannot be established without imposing an authentic separation of powers. And that will be unattainable as long as the state keeps Mexican civil society under age-old shackles. It must allow industrial workers, indigenous communities, the church, women, peasants, students, intellectuals, and civic groups to fight for their rights on a minimally level playing field. But in the modern era, opening civil society means granting and guaranteeing it access to the media, to the outside world, to Mexico's political and cultural institutions, and that the PRI has not even been willing to consider. While these procedural transformations could not in themselves solve Mexico's problems, they would create a framework in which Mexicans could fashion the substantive bargains that would lie at the core of a new Mexican political order. Allowing this kind of evolution, let alone encouraging it, requires Mexico's elites and the United States to be tolerant of the upheaval that it will inevitably bring. It also calls for a reinvigorated leadership that Mexico has sorely missed for many years.

A PLEA FOR PATIENCE

THE UNITED STATES has bailed out Mexico's rulers and its own interests on four occasions during the past two decades. Mexico's powers have had to endure not only greater financial burdens, but increasing conditionality and humiliation. No matter how exorbitant, however, this price has been far lower than the cost of being held responsible for recurrent deficiencies. The American-provided net has allowed Mexico's authorities to fail miserably yet remain in power. The same party, the same officials, the same coterie of families and friends continue to rule Mexico. While successive American rescues have spared the country some of the grief and misfortune of further collapse and bankruptcy, they have also locked in misguided policies and stunted the emergence of new leadership. For the United States, these bailouts may be worthwhile, but Mexico has paid an enormous price for incompetence, corruption, and the absence of accountability.

Washington will have no attractive options should a future Mexican crisis arise. Rejecting another Mexican plea for help would certainly

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generate unpleasant consequences. But while not devoid of dangers and repercussions, waiting out the next debacle from the sidelines seems a wiser course than again saving the PRI and its friends in exchange for cautious reforms. Mexico needs new leadership from different walks of life, and it will not flower as long as the old cliques remain in place.

This is the essence of Mexico's plight and the passkey to its future. The creation of a new political system in Mexico calls for exceptional talent, statesmanship, and political skills. It demands sensitivity to the country's illusions and insecurities and a commitment to honesty and public service that Mexico's long-time rulers have sadly lacked. It must be bold and imaginative, yet have the people's consent. It must be rooted in the strength of individual conviction and mission, yet broad enough to incorporate representatives from all sectors of Mexican society. The country would have been extraordinarily fortunate to discover such leadership in accidental appointments, such as that of Ernesto Zedillo, or in the traditional ranks of the PRI, as might have been the case with Luis Donaldo Colosio. History, however, seldom grants such favors and rarely spares societies the effort of seeking vision and direction outside the standard channels.

When one gazes at Mexico's short-term possibilities, scant grounds for optimism present themselves. The country lost its way in 1982, perhaps even as early as 1968, when the student movement first sounded the system's death knell. Everyone concerned—Mexicans and Americans alike—has expected Mexico's ills to be cured quickly and easily, but they have been terribly wrong. The United States must respond to Mexico's misery with patience and farsightedness. With time, a rejuvenated leadership, and consensus, Mexico will overcome its present predicament. The question is when.

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Asia, a Civilization in the Making

Masakazu Yamazaki

EAST ASIA, THE PACIFIC, AND THE MODERN AGE

As THE specter of communism fades, some warn of a new East-West confrontation. The remarkable rise of East Asia in recent decades, they say, has been fostered by a civilization very different from the West's, and this poses dangers for international relations. Such thinking, however, is based on Kiplingesque assumptions about an Asian civilization whose existence it fails to demonstrate. At no time in history has an Asian or Eastern civilization arisen over and above the many national and ethnic civilizations and cultures found in that vast region.

Much writing from the West on the purported divide is economically or militarily alarmist, focusing on huge trade deficits with East Asian countries, China's flexing of military muscle, and a few cases in which Chinese or North Korean arms were reportedly sold to Iraq or Iran. Some go so far as to predict that what they see as East Asian civilization may cozy up to Islamic civilization and make common cause against Western power and values. East Asian writers, on the other hand, tend to be extremely sanguine about their region's recent development and its future, contrasting these with Europe's economic plight and the West's social problems. All participants in the debate, however, emphatically affirm the existence of a distinctive East Asian frame of mind, even if they describe it only by saying that

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it, unlike its Western counterpart, subscribes to no shared value system like democracy or capitalism.

This very diversity and flexibility, some in East Asia argue, will smooth the way for the integration of their region; even North Korea and Myanmar may be brought in. But such integration requires a binding force capable of overriding the logically incompatible value systems the people of the region espouse. That force could only be a tacitly shared psychology or style of life. Some of the thinkers lined up along the artificial East-West divide have noted common features among cities all around the Pacific Basin and even speculated about a melding there of Western and what they call Eastern civilization. What few have seen clearly, however, is that the force behind the convergence observable in the region today is modernity, which was born in the West but has radically transformed both East and West in this century.

AMBIGUOUS ASIA

IN TREATING the question of civilization in Asia, one must first deal with the ambiguity of Asia as a concept. This ambiguity is an irritant to Asians and non-Asians alike and the source of a more than semantic problem in international diplomacy. From around 130 B.C. "Asia" was the name of a province of the Roman Empire on the eastern shore of the Aegean. Today it refers to a sweeping stretch of land and sea from the Middle East to the South Pacific islands—an area too broad to make any sense as a geographical unit. The 1994 Asian Sports Festival in Hiroshima saw Kyrgyz and Tajik athletes from the former Soviet Union in action, but no Hawaiians, Siberians, Australians, or New Zealanders were invited because of the host organization's uncertainty about what constituted Asia. At times, admittedly, countries exploit the confusion over the region's boundaries for political purposes. Many nations along the Pacific Rim—including the United States, Canada, and Chile—participate in the Asia-Pacific Economic Cooperation forum, organized on Australia's initiative, but the white-dominated nations are denied membership in the East Asian Economic Caucus envisaged by Malaysian Prime Minister Mahathir bin Mohamad. And if delineating Asia is a problem, East Asia poses even greater difficulties. This region's energy is palpable

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but its identity is elusive. Is it a geographical area, an agglomeration of ethnic populations, or a civilization in the making?

One thing is certain: the region the West disdained for its "Asiatic stagnation" and whose people suffered because of its lack of economic growth is no more. Flush with Western and Japanese capital and technology, Asian nations are growing vigorously, supplying the rest of the world with products and workers and opening their own markets. Riding the global tide of modernization and industrialization, the region at long last has been integrated into the world economic system. This, however, does not mean that the development that has occurred has been "Asiatic," or that an Asia once seen as dormant is now wide awake.

CIVILIZATION AS UMBRELLA

To REPEAT: there has never been an Asian, let alone East Asian, sphere of civilization. Western civilization is dominant in Europe and North America, but Asia has known only the individual national and ethnic cultures and civilizations that have arisen in areas of the region.

Western civilization, whose beginnings I place toward the end of the eighth century A.D., created a world that contained different nationalities while transcending national identity. Earlier civilizations, by contrast, whether Greek, Judaic, or Chinese, were essentially ethnic or national and maintained their identity through unity. Customs and forms adopted from the outside were fused with traditional patterns, never acknowledged as a foreign presence. Everyone and everything outside the group was relegated to the realm of the "barbarous," beyond the civilized pale.

From Constantine until the latter part of the eighth century, the dominant force in the West was Christianity, which fused the Judaic and Hellenic traditions and, thanks to extensive trade and the use of Latin as the official language, constituted a unified sphere of civilization. But toward the end of the eighth century, as Charlemagne consolidated his emipire, Islamic control of Mediterranean trade routes forced fundamental changes in the West. Denied any chance at prosperity through commerce, the West became an agricultural society based on large landholdings. This system of land ownership gave rise to decentralization, leading to dual rule by powerful princes and the

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Catholic Church. Latin's status gradually eroded, allowing local vernaculars to assert themselves as national languages.

The rise of duality in both rule and language marked the beginning of the Western world civilization. Under the civilizational umbrella dating back to the Roman Empire, and within the unifying framework of Christian civilization, the West set out on its journey toward a world civilization that would encompass national and ethnic civilizations and cultures alien to one another. The crucial factor in the process was that no single nation claimed the supranational umbrella as its own. The Greeks had been debilitated, while the Romans had turned Italian and Latin remained the common language only for writing. The Jews preserved their identity but were driven to the bottom of the social scale, with Hebrew consigned to libraries and Yiddish and Ladino taking its place. Westerners, whether English, German, or French, could and still can talk about Judeo-Hellenistic civilization on an equal footing.

Asia has never had a comparable superstructure of civilization. Asians lack an experience of political unification like the West's under the Roman Empire, nor do they possess a common tradition in language, currency, laws, roads, or architecture. In the absence of an overall, if loose, religious framework such as Christianity provided for the West, Confucianism, Buddhism, Taoism, Islam, Christianity, and a variety of indigenous religions have coexisted in Asia. There was no writing system like the alphabet that could spell words from different national languages. There was no universal system of musical notation, nor contemporaneous development of artistic styles as in the West's Romanesque, Gothic, and Renaissance periods. Far larger than Europe, Asia stretches from the Arctic to the tropics, and one cannot find in that swath any fundamental similarity in mores, manners, or customs.

CHINESE AND BARBARIANS

Some would contend that Chinese civilization is the basis of an Asian civilization, and China's influence has indeed been extensive. But the Chinese Empire differed greatly from the Roman. It was the homogeneous empire of the Han, conquering the Manchurians, to be sure, but failing to bring the Mongolians, Vietnamese, Koreans, or Japanese under its control. China exported its laws, religions, art

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forms, and ideographic writing, but their impact was on the same order as, say, French civilization's on the Germans, in no way tantamount to the framework a world civilization provides. Although the use of Chinese ideograms is widespread in neighboring nations, it failed to progress beyond mimicry into the universalization of the civilization; even today, Japanese politicians are reportedly embarrassed when they sign Sino-Japanese diplomatic agreements with brush and ink, as their ancestors learned to do from the Chinese.

Asia has known diverse civilizations, never an Asian civilization.

The Chinese, for their part, were generally allergic to outside cultural influences and were particularly reluctant to credit alien contributions to the development of their culture. For them, the Japanese and the Vietnamese were always the "eastern barbarians" and the "southern savages." The Italian descendants of the Romans recognize that they can learn something from the English about Latin language and literature, whereas the Chinese have never turned an attentive ear to Japanese interpretations of Confucius. German directors have impressed and moved Englishmen with their productions of Shakespeare, but the Japanese calligrapher Sugawara Michizane's distinguished work has never had the slightest impact on Chinese practitioners of the art.

The primary reason for Chinese civilization's unusual exclusivity is that the Han have endured, for good or for ill, for 4,000 years. Through the Mongol invasion and Manchu domination, the Han preserved their ethnic civilization as a badge of their identity; "Down with the Manchu, long live the Han!" was their motto as late as the end of the last century. And in the eyes of surrounding peoples, Chinese civilization was simply the source of their borrowings; the civilization never suggested that they had claims on it.

That the Chinese strand has dominated so large an area for so long has inhibited the development of an Asian civilization. The dynamism of a civilization derives from mutual influence, intermixture, and the friendly rivalry of different peoples, but no such chemistry has been at work in Asia. National or ethnic civilizations can undergo such changes only under the umbrella of a world civilization, and Asia has never known such a dual structure.

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Buddhist civilization could have become Asia's world civilization. Born in India but disowned there, Buddhism spread to China, northeastern Asia, and Southeast Asia, establishing itself as a religion shared by many ethnic groups. But it has left no indelible mark in the Malay Peninsula or Indonesia, and has been emaciated in China and Korea under the Confucian onslaught that began in the fifteenth century. Buddhism has managed to retain some hold on Japan and part of Southeast Asia, but the two centers have little contact, and the faith survives in Asia at large only as a localized religion. The history of Buddhism, in fact, illustrates how difficult it is for any civilization without an ethnic proprietor to attain dominance and for any dual structure of civilization to take root in Asian soil.

Strangely enough, a prototype of a dual structure was once firmly in place in the early monoethnic Japanese civilization. From time immemorial into the modern era, the Japanese regarded Chinese civilization not as another national civilization but as a world civilization and were painfully conscious that their own civilization occupied a subsidiary position. Few, however, had set foot in China, and their knowledge of the civilization was limited to Chinese characters and other imported traits and institutions. They failed to appreciate that Chinese civilization was a living national civilization, mistaking it for a supranational world civilization. Thus they yielded tamely to Chinese influences, and saw themselves as an alien presence tolerated within the supposedly universal civilization. This mindset may well have facilitated Japanese acceptance of Western civilization in the nineteenth century. If exposure to a strange civilization does not set off alarms warning of imminent clashes but is instead taken as an invitation to share in common property, the recipient nation will naturally be more open and tolerant than it would otherwise be.

The entire fabric of society is being geared toward modernization.

The dual structure of rule and language in the West significantly aided the acceptance of Arab civilization that started the West on the path of modernization as far back as the twelfth century. When Spaniards and Italians first encountered Arab civilization, they would have subconsciously placed it on the same level as Western world civ-

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ilization—which would make it common property that they were encouraged to share in. Since the Arabs in real life were regarded as a great peril, how else could the West have accepted their insights on such fundamental subjects as mathematics, science and technology, and even—if Arab mysticism indeed influenced the twelfth-century troubadors, as some scholars believe—love?

Asia, unfortunately, possessed no such dual structure of civilization or the dynamism it generates. In Japan and a few other nations on the periphery, there was some notion of an Eastern world civilization encompassing all of Asia, but in actuality no such thing existed. This absence ensured that the seeds of modernization in Asia would fail to sprout but would lie dormant until the encounter with the West.

MORNING IN ASIA

MODERN WESTERN civilization has brought the world umbrella to Asia for the first time, and a dual structure of civilization is now taking shape in the region. The Asian world and Asian civilization cited so often of late have their origins not deep in the past but in modernization this century in an Asia in contact with the West.

In the past 100 years or so, East Asian nations as a group have set out to modernize, and they have been fairly successful in the endeavor. Progress has extended beyond economic development; the entire fabric of society is being geared to modernization, more rapidly in some fields than in others. The formation of a nation-state under the rule of law and legitimate institutions, the secularization of ethics and mores, the rise of industry, and the growth of market economies integrated into the global economy all have been or soon will be attained in virtually all countries of the region except North Korea.

The world over, as education is extended, mass media grow, and leisure activities and consumer goods gain popularity, a middle class arises that favors democratic development. Although each country in East Asia defines and protects human rights and democratic principles differently, no national leader except perhaps North Korea's Kim Jung Il would deny their legitimacy. Members of the Association of Southeast Asian Nations have nearly reached consensus on such fundamentals as the separation of politics from religion, one man–one

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vote representation, and public trial. When it comes to social welfare, women's liberation, freedom of conscience, access to modern health care, and other social policies, almost all the countries of the region now speak the same language as the West.

In city after large city in East Asia, one finds glass-and-steel towers soaring, the metric system in use, and intellectuals employing American English as the lingua franca. People drive cars, wear Western-style clothes to work, have electric appliances at home, and enjoy jazz, motion pictures, and soap operas. Often television programs are broadcast across the Pacific Basin. It is getting so that one feels at home on both sides of the Pacific.

These changes began in the early 1900s in Japan and in mid-century elsewhere in the region, with all countries going through the same process, experiencing its drawbacks as well as rewards, in the space of a single century. Nothing comparable has ever occurred in Africa, the Middle East, or Russia. It is this contemporaneous experience that is the driving force behind East Asia's integration as a region.

THE BUSINESS OF RELIGION

LOOKING AT the region for common factors that might have made such a transformation possible, the secular tolerance of Asian religions, or the weakness of what is fashionably called fundamentalism, stands out. Asia has had its share of ascetics and spiritual disciplinarians, but they have never joined the establishment. Religions that developed elsewhere tend to slacken in their precepts when they arrive in East Asia. Hinduism as practiced in Bali has reduced the caste system to a mere skeleton, and farmers are permitted to raise hogs for food. Islamic strictures against images and public entertainment, which have led to the closing of movie theaters in Saudi Arabia, are breezily dispensed with in Indonesia, and shadow puppet shows and traditional *gamelan* orchestra music are all the rage.

During the Middle Ages Europeans and Asians alike looked down on commercial profits, and ascetic renunciation of the world was the ideal. But an emphasis on diligence, if not financial gain, is detectable in East Asian religions. By the sixteenth century commerce and its profits were seen as legitimate in Japan and China, and

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a "secular asceticism" entailing hard work and thrift became established. In his *Religious Ethics and the Merchant Spirit in Early-Modern China*, Ying-shi Yu, a professor of Chinese history at Princeton University, calls this ethos precisely analogous with the Protestant ethic that Max Weber saw as leading to the rise of capitalism and industrialization in Europe.

The secular tolerance of Asian religions has been very good for business.

According to Ying-shi Yu, the notion of secular asceticism originated in China as early as the ninth century in the reforms of Zen Buddhism, then a new sect. The farm and domestic work required of Zen novices came to be equated with prescribed ascetic practices, and the Zen precept, "No eating without producing," was quoted and put into practice in society at large as well as the monasteries. Confucian scholars of the Sung Dynasty (960-1279) came to interpret the ancient ethic of character-building—"Work hard, be frugal, save time"—in terms of whatever daily work one did in the secular world.

In the sixteenth century, with the policies of the latter Ming Dynasty threatening to impoverish them, intellectuals moved away from the classic interpretation of Confucianism and embraced commerce. Business activity took off nationwide, with merchant cliques in Guangxi and Zhejiang provinces in the vanguard. Merchants' social status improved, and they became conscious of their own power. The insight of the neo-Confucian scholar Wang Yangming—"Though their walks of life are different, all four classes of people are on the same road"—became firmly established. His followers acknowledged that hard work and frugality were virtues on the same order as study. After the merchants agreed to high tax rates, the emperor opened the prestigious profession of government service to them. Scholars made themselves available to pen the epitaphs of magnates.

Merchants, for their part, committed themselves to diligence and thrift and sought to earn "profits controlled by justice." The moral code of merchants of the late Ming Dynasty and Ching Dynasty (1644-1912) boiled down to honest dealings, as the merchants took to heart the tenth-century saying, "In sincerity lies the passage to Heaven." Ying-shi Yu equates this animating principle with the old Protestant belief that worldly work crowned by material success is a sign of redemp-

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tion: for the Chinese merchant, the secular moral value of open and fair dealings with customers and suppliers became a transcendental passage to heaven. The modern character of Japanese merchants of the period was even more pronounced than that of their Chinese counterparts. They strove to gain a reputation for honesty and trustworthiness, lived frugally, regarded their calling as given by Providence, and took pride in their business because it benefited the nation.

Why East Asians nurtured religious tolerance of the secular and a view of secular activity as akin to religious is not easy to explain. One possibility is that East Asia, along with the Protestant West, which underwent an almost identical ideological evolution, is located far from the centers where the ancient religions were born, and that the religions grew less dogmatic as they spread. In any case, when modern Western civilization encountered East Asia, it found civilizations with which it had a strong affinity. Little wonder, then, that it could serve as the framework for the integration of those civilizations.

CULTURE AND CIVILIZATION

INTEGRATION UNDER Western auspices, however, does not imply the wholesale Westernization of East Asian national civilizations, let alone an East-West fusion of cultures. Culture is a way of life, a conventional order, physically acquired and rooted in subliminal consciousness. Civilization, in contrast, is a consciously recognized ideational order. There is a gray area between the two, but they are distinct. Handiness with machines, for example, is part of culture, while mechanized industry is an aspect of civilization. The performing styles of individual musicians and idiosyncrasies of composers belong to the former, while the diatonic scale and rhythmic system of Western music belong to the latter. Cultures die hard, but their spheres of dominance are limited. Civilizations can become widespread, but they may be deliberately abandoned.

Failure to distinguish clearly between culture and civilization marks the thought of the prophets of the clash of civilizations. The thesis is predicated on the mistaken notions that a civilization can be as predetermined a property of an ethnic group as its culture and that a culture can be as universal and expansive as a civilization. Working from these

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misconceptions, it follows that a stubborn and irrational culture posing as a civilization could assert itself politically, stirring up conflict.

The rule of culture extends at most from the family, village, or circle of social acquaintances to the tribe or nation. Civilization, in contrast, encompasses different tribes and nations and creates a world. Ancient civilizations, however, had a limited sphere of dominance; in Greece, China, Judea, and elsewhere in the ancient world, the ethnic-national culture covered the same area as the civilization. After Western world civilization arose in the eighth century, the correspondence between cultures and nations still obtained, but civilization assumed a two-level structure: Western world civilization arching over distinct national civilizations. In twentieth-century Britain, a member of Parliament's oratorical style is part of culture, constitutional monarchy is part of national civilization, and democracy is part of Western civilization.

Traditionalists fail to understand that a world civilization belongs not to one group but to all.

The peoples of East Asia today can be said to partake of modern Western civilization at the topmost stratum of their world, to retain their national civilizations and nation-states in the middle stratum, and to preserve their traditional cultures in their day-to-day lives. In political affairs, human rights and democratic principles belong to the first stratum, distinct bodies of law and political institutions to the second, and political wheeling and dealing to the third. In theater, the dramaturgy common to modern drama is at the topmost stratum, the national languages in which characters' lines are spoken are in the middle, and at ground level are distinctive ethnic styles and figures of speech.

Under the umbrella of modernization, traditional ethnic cultures are being revived with new elements of universality. The Korean agrarian folk music known as *samulnori* attracts percussion aficionados worldwide in the jazz-influenced version popularized by the musician Kim Deoksoo. The Japanese dance troupe Sankaijuku, currently popular in Europe, incorporates steps from Balinese *kechak* dancing, which in turn draws on steps learned from Germans in Bali at the beginning of the century. East Asia has also become a center for cinema, nurturing some promising young filmmakers who bring

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to their twentieth-century medium exquisite touches of ethnic aesthetics. These developments suggest the imminent birth in the region of what may be called the Pacific-International style.

Charging the West with cultural imperialism or deploring the loss of traditional Asian cultures is the height of foolishness. Under the influence of the reigning world civilization, cultures inevitably change and may lose this or that, since they are living organisms. But some portion of their identity is always kept intact. Traditionalists of a nationalistic bent decry the changes, depicting them as impositions from abroad or trappings of a borrowed civilization. They fail to understand that a world civilization belongs not to any one group but to all.

THE MODERN MODE

MODERN CIVILIZATION originated in the West, but it is not an evolutionary phase of Western civilization. To the contrary, modernization began in the twelfth century with the rejection of the Western civilization born four centuries before and can be thought of as an 800-year-long progressive denial of Western civilization.

During the Renaissance the West was deeply influenced by Arab civilization and shaken by underground and local folk cultures that it had deemed heretical and had repressed. The investigations of alchemists led to scientific experimentation, and the grotesque pushed the limits of artistic taste. The seventeenth century witnessed the revival of animistic sensitivity as the West rediscovered and sometimes well-nigh worshipped Nature. Romanticism in the late eighteenth and nineteenth centuries fired the imaginations of the era's artist-exiles, and the West felt the impact first of eastern Europe and Russia and then of the East, as evidenced by the flood of chinoiserie and japonisme.

In this century modernization has driven Western cultures to transform themselves as rapidly as Asian ones. American puritanism has declined to the point that homosexuality is widely tolerated, French cuisine is cutting down on fat and alcohol, German has lost its fraktur script, and the British have abandoned their shillings and tuppence for the more rational decimal system. If the social scientist David Riesman, author of *The Lonely Crowd,* is right, self-centrism, once said to be the core of Western culture, is giving way among the

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masses to a group-oriented culture. And the revolution in information and communications is changing the West and East Asia at the same time and at about the same speed.

As its Latin etymology suggests, modernity (from *modo*, now) is the spirit of living in constant contrast to the past. Despite the conventional wisdom, it does not necessarily have anything to do with progressivism, which sets goals in pursuit of a future utopia. The essence of modernity is not programmed; there is only a patchwork of trial and error and changes in the status quo. Modernity casts a glance back and extrapolates in different directions. In its willingness to reject all previous values and systems, including itself, modernity verges on nihilism but differs from it in its deep faith in *élan vital.*

If a new sphere of East Asian civilization is in the making today, modernity is the topmost stratum of its "world." The most positive outcome for the region would be not mere diversity but an orderly, widely agreed-on framework encompassing a well-regulated market, human rights, and democratic principles. While narrower political considerations will inevitably affect the civilizational process, an East Asian sphere that defied these fundamental values is inconceivable.

But then, Asian peoples no longer need think in terms of an East Asian framework. In view of the prevailing economic, defense, and political relations in the region, it would seem reasonable to take the entire Pacific Basin as the sphere of the emerging civilization. In East Asia as in North America, Mexico, Australia, and New Zealand, the experience of the twentieth century is of crucial significance, which is why one can feel at home traveling between their cities.

The Pacific sphere should not and will not remain closed to the rest of the world for long. As a civilization-in-progress incorporating continually advancing industrial and communications technologies and unfolding mass societies, it will have to collaborate with the Atlantic sphere of civilization that is sharing the experience. As the 21st century begins, humankind must overcome fanatic nationalism and fundamentalism in all their forms. If it is to have historical relevance, the Pacific sphere of civilization must serve as a transitional stronghold in that struggle.

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Reviews

ARCHIVE PHOTOS

Workers can adapt again: Charlie Chaplin in Modern Times, *1936.*

The microchip era will change the way we work, and no one need be left behind.

Inside Enemy Archives *Melvyn P. Leffler* 120

Recent Books on International Relations 136

WORKERS AND ECONOMISTS 164

Paul Krugman 164 • *Robert Z. Lawrence* 170 • *Hilary Barnes* 173
Thomas Donahue 174 • *Steve Forbes* 177
Ethan B. Kapstein 179

Letters to the Editor 182

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Review Essay

Inside Enemy Archives

The Cold War Reopened

Melvyn P. Leffler

Only three or four years ago, historians of the Cold War worked without knowing what was in Soviet archives. They relied heavily on Western records, inferring the motivations and goals of Soviet foreign policy. But the Russians and their former Warsaw Pact allies have begun to open their records for research. The Chinese, too, have opened selected materials, especially ones that illuminate the duplicity and depravity of the men in the Kremlin. Regime changes and liberalization in many countries have made former officials more reflective and more willing to write about their years in power.

Pondering the archival documents, memoirs, and new assessments, one asks how they might affect debate about the origins and evolution of the Cold War. They reveal a Soviet system as revolting as its worst critics charged long ago. Some scholars go further, asserting that the archives confirm not only the genocidal actions and fundamental brutality of the regime but also its ideological underpinnings and hegemonic aspirations. The highly publicized 1994 television documentary *Messengers from Moscow* resuscitated the old claim that Stalin planned to conquer the globe for Marxism-Leninism, declaring that interviews and documents prove the Soviet leader sent hundreds of agents abroad after 1945 to foment revolution. The historian Steven Merritt Miner cautions readers to be wary of the memoirs and sensitive to the selectivity of the newly released documents, but announces, "Ideology is once again central [to the study of

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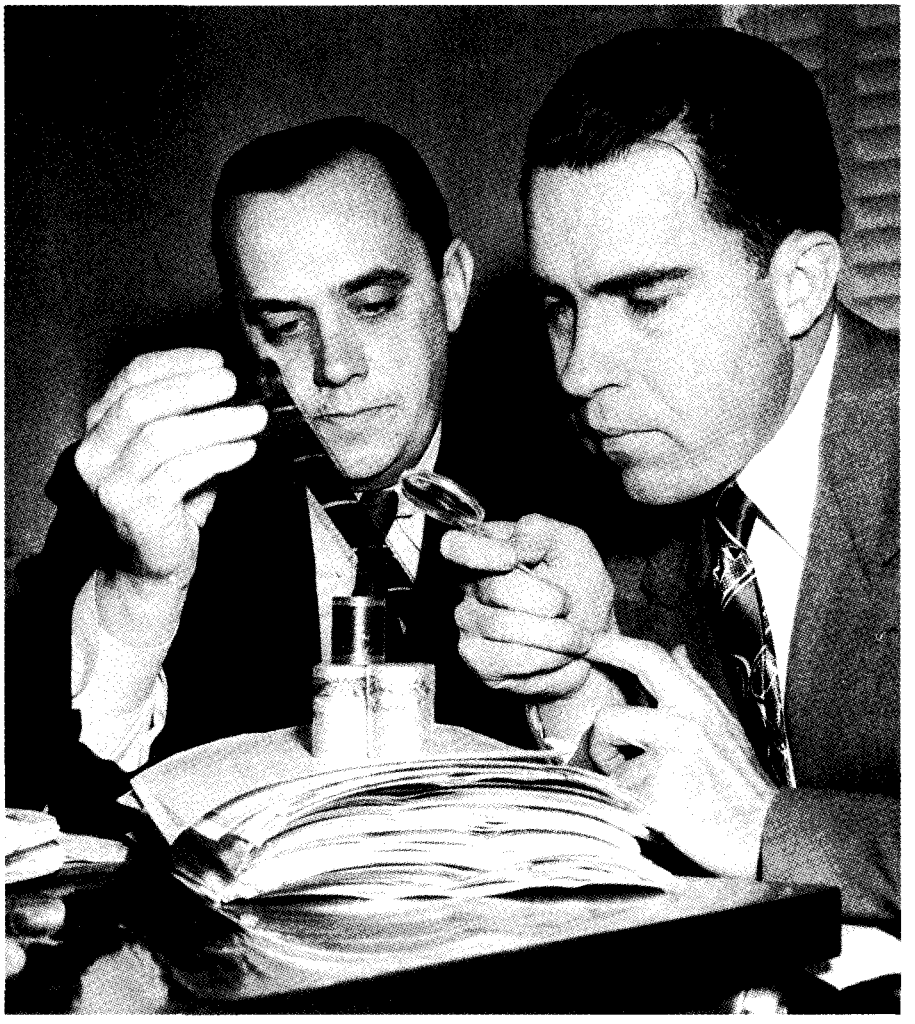

UPI/BETTMAN

Did the hawks read it right? Rep. Richard Nixon examines the Pumpkin Papers microfilm, 1948.

the Soviets' conduct of the Cold War], after having been played down by scholars for two decades." John Lewis Gaddis, the leading U.S. expert on the Cold War, maintains that America's containment policy was indispensable in thwarting the march of the Soviet behemoth, and America itself a beacon of hope to a world menaced by Stalinist totalitarianism. Other scholars share Gaddis' view that the new evidence affirms the most traditional interpretations of Cold War events.[1]

[1]See Steven Merritt Miner, "Revelations, Secrets, Gossip and Lies," *The New York Times Book Review,* May 14, 1995, pp. 19-21; John Lewis Gaddis, "The Tragedy of Cold War History," *Foreign Affairs,* January/February 1994, pp. 142-54; and Douglas J. Macdonald, "Communist Bloc Expansion in the Early Cold War: Challenging Realism, Refuting Revisionism," *International Security,* Winter 1995-96, pp. 152-88.

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A close reading of the books and articles based on the archival materials suggests more nuanced conclusions. The Cold War was not a simple case of Soviet expansionism and American reaction. Realpolitik held sway in the Kremlin. Ideology played an important role in shaping their perceptions, but Soviet leaders were not focused on promoting worldwide revolution. They were concerned mostly with configurations of power, with protecting their country's immediate periphery, ensuring its security, and preserving their rule. Governing a land devastated by two world wars, they feared a resurgence of German and Japanese strength. They felt threatened by a United States that alone among the combatants emerged from the war wealthier and armed with the atomic bomb. Soviet officials did not have preconceived plans to make Eastern Europe communist, to support the Chinese communists, or to wage war in Korea. Soviet clients, moreover, could and did act in pursuit of their own interests, sometimes goading the Kremlin into involvements it did not want.

Although Soviet actions were more contingent than previously thought, probably nothing the United States could have done would have allayed Soviet suspicions in the early years of the Cold War. Nevertheless, U.S. words and deeds greatly heightened ambient anxieties and subsequently contributed to the arms race and the expansion of the Cold War into the Third World. Rather than congratulate themselves on the Cold War's outcome, Americans must confront the negative as well as the positive consequences of U.S. actions and inquire much more searchingly into the implications of their nation's foreign policies.

A MASTER PLAN?

At the center of the Cold War was the struggle for Germany. Although Soviet military authorities worked with their German comrades to establish a police state in the Soviet-occupied zone, the Kremlin did not have a master plan for Germany. Soviet policies, Norman Naimark concludes after studying documents from East Germany and the Soviet Union, "were often driven by concrete events in the zone, rather than by preconceived plans or ideological imperatives." The Soviets had nothing comparable to Joint Chiefs of Staff memo 1067, the American blueprint for the occupation of Germany. They wanted to gather support for the communist-led Socialist Unity Party through moderate economic policies, coalition-building, and backing for unification. But the need for reparations and for uranium from the mines of southern Saxony, and Red Army troops' looting and mass rape in the zone, undercut Soviet mobilization of support for German communists.[2]

Stalin could not decide whether he wanted a unified Germany run by the German communists, a demilitarized, neutral Germany along the lines of the Weimar Republic, or a sovietized eastern zone amenable to the Kremlin's every whim. His ambivalence was reflected in the contradictory actions in the Russian zone by officials of the Soviet military administration, the secret police, the Foreign

[2]See Norman Naimark, *The Russians in Germany: A History of the Soviet Zone of Occupation, 1945–49*, Cambridge: Harvard University Press, 1995.

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Ministry, and reparations teams that were seizing factories for relocation to the Soviet Union. Much like Jan Gross, the author of a remarkable book on the Soviet occupation of Poland, Naimark concludes that Soviet officers in eastern Germany "bolshevized the zone not because there was a plan to do so, but because that was the only way they knew how to organize society."[3]

Nor does it appear that Stalin had a definite design for the economies and societies of Eastern Europe. Although he told the Yugoslav communist leader Milovan Djilas that great powers spread their economic system wherever they occupy territory, he stressed to Stanislaw Mikolajczyk, the leader of the Polish Peasant Party, that communism fit Poland like a saddle fit a cow. Historians have not located concrete plans for turning Poland, Hungary, Romania, or other East European states into command economies or communist dictatorships. Stalin may have been chary of acting too quickly, especially when relations with the West were still unclear. When, as late as 1947, Hungarian communists approached Foreign Minister Vyacheslav M. Molotov about Soviet plans in Hungary, they were unable to ascertain precisely what the Kremlin had in mind.

Some historians believe Stalin subordinated Hungary to Poland, but the new scholarship points up the fluidity even in Poland in the early postwar months and years. Polish Communist Party documents from late 1944 and early 1945 are full of an internal debate over the best strategy for mobilizing support. There was tremendous unrest in the countryside. Soviet troops were still battling the Germans. Polish Home Army units inside Poland and other militantly nationalist groups, some linked to the conservative government-in-exile in London, also fought the Germans but intermittently turned their guns on Polish communists and Red Army forces. The Soviet-installed communist government in Lublin mounted a campaign of arrests, killings, and deportation of opposition members. This operation backfired in late 1944, when some 80,000 armed nationalist partisans roamed the country, killing about 800 Communist Party members and 300 Russian soldiers. The Lublin government then reversed course and sought to establish a coalition with Mikolajczyk, the popular leader of the Peasant Party.

Mikolajczyk was convinced that he had room to maneuver—that Stalin, fed up with his incompetent and unpopular clients, was not wedded to a communist regime in Poland. If he assured Stalin that he would accommodate Soviet security needs, Mikolajczyk thought, the Kremlin might accept his leadership. But after Mikolajczyk and his party mobilized a great deal of political support in the countryside in late 1945 and early 1946, the Polish communists resumed the campaign against their political opponents. During 1947 and 1948 the Peasant Party was crushed and the communists consolidated control of the country.[4]

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[3]Naimark, p. 467; and Jan T. Gross, *Revolution from Abroad: The Soviet Conquest of Poland's Western Ukraine and Western Belorussia,* Princeton: Princeton University Press, 1988.

[4]Jaime Reynolds, "'Lublin' versus 'London': The Party and the Underground Movement in Poland, 1944-1945," *Journal of Contemporary History,* 16 (1981), pp. 617-47; and Antony Polonsky, "Stalin and the Poles, 1941-7," *European History Quarterly,* 17 (1987), pp. 453-92.

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The new literature on Poland assigns more agency to the local communists and somewhat less to Stalin, whom it depicts as obsessed with Soviet security and lacking a plan for Poland's internal configuration. Much the same picture emerges in China, where Stalin initially had no intention of helping the Chinese Communist Party win the civil war and gain power. In *Cold War and Revolution,* the Norwegian historian Odd Arne Westad cites Chinese and Soviet documents to show that Stalin wanted at first to maintain cooperative relations in northeast Asia with the Americans. Stalin hoped to carry this off, Westad says, while at the same time preserving Soviet influence in Manchuria and discouraging a permanent American military presence in China. Subsequently the Soviet leader wavered in his support for Mao Zedong, and the Kremlin retained its links with the Chinese communists' Nationalist foes. Summing up, Westad sounds like Naimark on Germany: "To the historian—as to his contemporaries, Soviet and foreign—Stalin's foreign policy is not as much inexplicable in its parts as incoherent in its whole."[5]

Stalin vacillated on his schemes for particular countries and regions because the Kremlin was hoping to pursue its overall interests based on a policy of realpolitik and cooperation with the United States and Britain but did not know if that approach would work. Vladimir Pechatnov, a diplomat trained as a historian under the Soviet regime, has uncovered three memorandums written in late 1944 and early 1945 by top Foreign Ministry officials Ivan Maisky, Maxim Litvinov, and Andrei Gromyko (who later served as foreign minister for 31 years). All three writers expected a continuation of the wartime alliance—indeed, regarded it as a prerequisite for the protection of Soviet interests in the postwar era. The United States, Britain, and the Soviet Union, they said, could divide the world into spheres of influence. According to Pechatnov, the three officials saw the Soviet sphere "largely in terms of traditional geostrategic dominance and not of Sovietization, which, as all three understood, would hardly be acceptable to the Western allies."[6]

Pechatnov acknowledges that he has not unearthed evidence that Stalin shared these views, but he believes Stalin did. So do Vladislav Zubok and Constantine Pleshakov, as they write in their important new book *Inside the Kremlin's Cold War.* Although they claim the Kremlin pursued a "cautious expansionism in those areas that Stalin and his advisers defined as 'natural' spheres of influence," the two young Russian scholars stress that there was "no master plan in the Kremlin, and Stalin's ambitions had always been severely limited by the terrible devastation of the USSR during World War II and the existence of the American atomic monopoly."

At the end of the war, Zubok and Pleshakov emphasize, Stalin felt no great need "for an overarching ideology of confrontation." The Kremlin's foreign policy

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[5]Odd Arne Westad, *Cold War and Revolution: Soviet-American Rivalry and the Origins of the Chinese Civil War,* New York: Columbia University Press, 1993, p. 55.

[6]Vladimir O. Pechatnov, "The Big Three after World War II," Cold War International History Project Working Paper No. 13, Woodrow Wilson International Center, 1995, p. 17.

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"was still based on the assumption of realpolitik," a desire to balance the power of the British and Americans and to capitalize on their anticipated rivalries.[7]

The theme of realpolitik also reverberates through two other excellent books on Stalin's attitudes and actions. David Holloway, a British scholar who teaches at Stanford University, stresses that

> the policy Stalin pursued was one of realpolitik. Left-wing critics would later characterize it, correctly, as statist, because it treated states, rather than classes, as the primary actors in international relations, and because it put the interests of the Soviet state above those of international revolution. . . . Stalin wanted to consolidate Soviet territorial gains, establish a Soviet sphere of influence in Eastern Europe, and have a voice in the political fate of Germany and—if possible—of Japan.[8]

Realpolitik is a motif in the fascinating work on Stalin's relations with Mao by a troika of scholars, one Russian, one American, and one Chinese. Sergei Goncharov, John Lewis, and Xue Litai write that "when it came to their face-to-face deliberations on particular external policy issues . . . the ultimate concern on both sides was not class struggle, but state interests (though the arguments were sometimes couched in revolutionary terms). In the final analysis, realpolitik governed [Mao's and Stalin's] thinking and strained their relations."[9]

SECURITY FIRST

Traditionalists see the ideology of world revolution behind the Soviet policies that eventually destroyed the sovereignty of Russia's neighbors. Many of the new writings, however, suggest that the Kremlin's foreign policy was shaped by geopolitical considerations and perceptions of threat, the latter reinforced by Leninist assumptions about the behavior of capitalist nations. The Kremlin wanted to safeguard the Soviet Union against a recrudescence of German power. Like all his contemporaries, Stalin had seen Germany, largely demilitarized and partially occupied after defeat in World War I, rebuild its army and power in less than a generation under the Nazis. Then German armies again attacked, killing some 20 million Soviet soldiers and civilians and almost destroying the Soviet regime. Stalin was determined after World War II to gain control over the East European periphery so that countries like Poland could not serve as a springboard for an offensive against the Soviet Union. He was also intent, the new documents show, on preventing a revival of Japanese power. He told Chinese Nationalist diplomats in July 1945, "Japan will restore her might in 20, 30 years. [The] whole plan of our relations with China is based on this."[10]

Stalin, the recent literature stresses, wanted to avoid military conflict with the United States. But he sought to prepare

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[7]Vladislav Zubok and Constantine Pleshakov, *Inside the Kremlin's Cold War: From Stalin to Khrushchev,* Cambridge: Harvard University Press, 1996, p. 74; see also pp. 276-77 and p. 125.

[8]David Holloway, *Stalin and the Bomb,* New Haven: Yale University Press, 1994, p. 168.

[9]Sergei Goncharov, John Lewis, and Xue Litai, *Uncertain Partners: Stalin, Mao and the Korean War,* Stanford: Stanford University Press, 1993, p. 220.

[10]Ibid., p. 3.

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the Soviet Union to defend itself should the wartime coalition dissolve and fighting break out with the United States. This did not mean, though, that he was planning to attack the West. After scrutinizing records of Stalin's military thinking, David Holloway concludes, "There is no evidence to show that Stalin intended to invade Western Europe, except in the event of a major war."[11] Soviet postwar military plans for 1946 and 1947 were defensive in nature, assuming a Western attack and a Soviet retreat before the launch of a major counteroffensive.

Former First Secretary and Premier Nikita Khrushchev, in reminiscences published during the glasnost years, writes, "In the days leading up to Stalin's death [in 1953] we believed that we would go to war. Stalin trembled at this prospect. How he quivered! He was afraid of war. . . . Stalin never did anything that might provoke a war with the United States. He knew his weakness."[12] Although it is difficult to picture Stalin quivering, and although he sometimes talked more boldly to Mao Zedong, most recent writers believe that Khrushchev's characterization is basically correct: Stalin knew he was operating from a position of weakness, and wanted to avoid war with the United States.

Should a war with the West erupt, however, it was essential that the Soviet Union protect its flanks. Defense in depth reinforced the Soviet desire to retain former czarist lands lost in the Russo-Japanese War (1904-5) and World War I that had been seized during World War II. With its armies spread across most of Eastern and Central Europe as a result of the horrendously costly battle against the Nazis, and its troops ensconced in Manchuria and northern Korea as a result of the last-minute declaration of war against Japan, Moscow was well-positioned to achieve its longtime aim of control of the periphery. In his account of the rivalry between the Soviet Union and the United States in China in 1945-46, Odd Arne Westad illustrates how security concerns shaped Stalin's inconsistent actions. Kathryn Weathersby uses Russian Foreign Ministry documents to demonstrate the primarily defensive orientation of Soviet policy in the Korean Peninsula in the late 1940s.[13]

If security and geopolitics are important themes in the new literature on the Stalinist era, they are even more salient for understanding the foreign policies of the dictator's successors. With the exception of Molotov, the top contenders in the struggle for power after Stalin's death—Khrushchev, Georgi M. Malenkov, and Lavrenti P. Beria—all believed that a relaxation of tensions with the West was critical for the communist regime, which they thought might collapse without Stalin. To the surprise of many scholars, the documents show Beria—the sinister, brutal head of the secret police—proposing that the Kremlin offer the West a deal

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[11]Holloway, p. 271.

[12]Jerold Schecter and Vyacheslav Luchkov, trans. and ed., *Khrushchev Remembers: The Glasnost Tapes,* Boston: Little, Brown, 1990, pp. 100-01.

[13]Kathryn Weathersby, "Soviet Aims in Korea and the Origins of the Korean War, 1945-1950: New Evidence from Russian Archives," Cold War International History Project Working Paper No. 8, Woodrow Wilson International Center, 1993, especially p. 31.

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on the unification and neutralization of Germany. Beria was willing to sacrifice the East German communist regime to reduce East-West tensions, help ensure an orderly transition in the Kremlin, and allow for some reallocation of resources to improve the Soviet economy. But the other three contenders, fearing the secret police chief and a reunited Germany seeking to recover territory and influence lost in World War II, arranged for Beria's arrest and execution.

During the middle and late 1950s Khrushchev fretted over the stability of the East German regime, worried about the recrudescence of militarism in West Germany, and scorned the American determination to bargain from a position of strength. Khrushchev was confident of the superiority of socialism and its eventual triumph through peaceful competition, but to counter the U.S. negotiating style he felt he had to build strength of his own. The Kremlin, Khrushchev believed, would never gain the respect and security to which it was entitled unless the Americans were convinced of the Soviet Union's power.

These attitudes contributed greatly to the spiraling arms race with the United States. In their provocative book *We All Lost the Cold War,* Richard Ned Lebow and Janice Gross Stein use extensive interviews and some new records to analyze the Cuban missile crisis of 1962 and the Middle East crisis of 1973. Khrushchev and Brezhnev, they conclude, felt increasingly threatened as a result of the U.S. strategic buildup of the early 1960s and American assertions of nuclear superiority, "what they considered predatory policies of their adversary, as did American leaders by Soviet expansionist policies."[14] Khrushchev deployed missiles to Cuba not only to safeguard the revolutionary regime of Fidel Castro but also to alter the worldwide balance of power, or at least the perceptions of that balance. In his new memoir, Anatoly Dobrynin, the longtime Soviet ambassador to the United States, writes that Khrushchev's move "was part of a broader geopolitical strategy to achieve parity with the United States that could be used not only in the dispute over Berlin but in negotiations on other issues."[15]

At a 1994 colloquium with a small group of scholars at the Norwegian Nobel Institute in Oslo, Georgi Kornienko, first vice foreign minister of the Soviet Union in the late 1970s and early 1980s, reflected, "All of our leaders whom I knew from the late 1940s and early '50s—all of them feared war and were willing to go to great lengths for peace. . . . Yes, ideology was ideology and pronouncements of their faith in the communist future of the world—everything was there; but there was, as you know by now, no master plan for conquering Europe, for conquering the Third World." At which point Karen Brutents, former deputy head of the International Department of the Communist Party of the Soviet Union, interrupted, saying, "This generation coming from the war—it was a ter-

[14]Richard Ned Lebow and Janice Gross Stein, *We All Lost the Cold War,* Princeton: Princeton University Press, 1994, p. 357.

[15]Anatoly Dobrynin, *In Confidence: Moscow's Ambassador to America's Six Cold War Presidents,* New York: Times Books, 1995, p. 73.

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rible war—I think they had decided that there would never be a repetition. . . . Any price which is necessary to pay for security will be paid—and finally, it was that price which destroyed the country." And Kornienko finished, "For security, but not for conquering the world."[16]

IDEOLOGY'S PLACE

The new documents reveal an emphasis on security considerations, but ideology clearly influenced Soviet foreign policy. Stalin was a Bolshevik revolutionary, and he and his successors were imbued with the principles of Marxism-Leninism. Broadly speaking, Soviet leaders believed that economic and class imperatives shaped the policies of capitalist governments, which were assumed to be committed to socialism's destruction. Colonial lands, they also postulated, would inevitably mount wars of national liberation against their imperialist masters. Rivalries would drive the capitalist states to battle each other, and communism would eventually triumph among the people of the West. These tenets molded Soviet leaders' understanding of the world, influenced their interpretation of their adversaries' actions, and heightened their sense of threat.

But these beliefs, powerful yet vague, were subject to manipulation by a Kremlin committed to realpolitik, and in general served to legitimize or justify policy rather than determine it. Stalin used the Comintern, the association of communist parties of the world established by Lenin, and, after 1947, the Cominform, the organization charged with coordinating most European communist parties in the Soviet sphere, to enhance state interests. Stalin, write Zubok and Pleshakov, "used the common ideology of Communist parties to organize Eastern Europe into a 'security buffer' for his state."[17]

Stalin's rift with Yugoslav leader Josip Broz Tito in 1948 stemmed in part from the former's opposition to the encouragement of revolution from below during the final stages of World War II. Moscow also refused to support the Greek left, periodically thwarted Mao's plans, and generally urged West European communists in 1944 and 1945 to participate in coalition governments, at the time when they were best positioned to win or seize power. Some of these facts have long been known, but they are even more striking in the recent literature. "Ideological declarations," write Goncharov, Lewis, and Xue Litai, "could serve power politics but not determine it. Motives found deeply rooted in national traditions far outweighed Marxism-Leninism in practice."[18]

CLIENTS OF THE KREMLIN

Traditional histories of the Cold War assume that the Soviet Union tightly controlled its clients and that their actions reflected Soviet desires. But some of the most interesting new information reveals that local communist leaders and, later, Soviet satellites and allies could exert some leverage over the Kremlin and pur-

[16]Odd Arne Westad, ed., "U.S.-Soviet Relations and Soviet Foreign Policy toward the Middle East and Africa in the 1970s: Transcript from a Workshop at Lysebu," October 1-3, 1994, Norwegian Nobel Institute, 1995, pp. 79-81.

[17]Zubok and Pleshakov, p. 131.

[18]Goncharov, Lewis, and Xue Litai, p. 220.

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sue their own interests. Historians are learning that even in the immediate postwar years, relations between the Kremlin and communists in Poland, Hungary, East Germany, and elsewhere were more complicated than they had thought.

After the Nazi defeat, populist parties in Central and Eastern Europe clamored for land reform and improvements in social welfare, which often took precedence in their members' minds over the development of democracy.[19] Although some issues played to local communists' advantage, nowhere did they have enough support to win power freely. The communists needed the assistance of Soviet officials, secret police agents, and the organs of military rule in harassing or suppressing their opponents, but their dependence on the Soviets identified them with the random brutal behavior of occupation troops and the demands of reparations teams. Soviet officials, for their part, sometimes tried to restrain their clients' revolutionary impulses, recognizing that immoderate actions might anger the British and Americans and cause a rift that the Kremlin probably did not wish to occur.

In North Asia, historians once thought Stalin ordered the North Koreans to attack South Korea in June 1950 to test American resolve. But the research in Chinese documents by historians like Shu Guang Zhang and Jian Chen, combined with the opening of Russian archives and the release of some North Korean materials, creates an altogether more complex picture of the beginning of the Korean War.[20] North Korean leader Kim Il Sung was dependent on Moscow and needed Stalin's authorization before he could send troops south and attempt to reunite the peninsula. But it is now clear that he relentlessly pushed and prodded the reluctant Soviet leader for permission. Once the Chinese communists triumphed in their revolution in 1949, Kim benefited greatly from their support, and their success gained him additional leverage with the Kremlin.[21] Fearing an American response, though, Stalin was loath to gamble on a North Korean attack. He gave his assent and support, Kathryn Weathersby shows, only after becoming convinced that the Americans would not intervene. Moreover, Stalin appears to have calculated that Kim's quest to unite Korea under communist rule would intensify the rift between the Chinese communists and the Americans.[22]

Similarly, archival research on the goals and tactics of Walter Ulbricht, the

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[19]Charles Gati, *Hungary and the Soviet Bloc,* Durham: Duke University Press, 1983.

[20]Jian Chen, *China's Road to the Korean War: The Making of the Sino-American Confrontation,* New York: Columbia University Press, 1994; and Shu Guang Zhang, *Deterrence and Strategic Culture: Chinese-American Confrontations, 1949-1958,* Ithaca: Cornell University Press, 1992.

[21]The close relations between the Korean and the Chinese Communists are a major theme of Bruce Cumings, *The Origins of the Korean War: The Roaring of the Cataract, 1947-1950,* Princeton: Princeton University Press, 1990.

[22]Kathryn Weathersby, "Korea, 1945-1950: To Attack or Not to Attack? Stalin, Kim Il Sung, and the Prelude to War," *Cold War International History Project Bulletin,* 5 (Spring 1995), pp. 1-9; and Weathersby, "The Soviet Role in the Early Phase of the Korean War: New Documentary Evidence," *The Journal of American-East Asian Relations,* 2 (Winter 1993), pp. 425-58.

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leader of East Germany, illuminates the period leading up to the construction of the Berlin Wall in 1961. Hope Harrison has shown that Ulbricht pressured Khrushchev to help shore up his tottering regime.[23] Ulbricht wanted to halt the flight of hundreds of thousands of the best-educated young East Berliners, gain Western recognition for his government, and annex West Berlin. Khrushchev had different goals—bolstering the East German economy, thereby reducing demands for Soviet aid, and defusing tensions with the West over Germany—but lived in fear that the East German regime would collapse, exposing the Soviet Union's western flank. Ulbricht thus managed to extract huge quantities of aid and to obtain Khrushchev's assent to the construction of the wall. In failing to recognize a client's manipulation of the Kremlin, Harrison writes, "previous analyses of the [Berlin] crisis have missed the key dynamic operating on the Soviet side."

The issue of agency looms even larger in recent accounts of the latter stages of the Cold War. During the 1970s détente foundered on alleged Soviet adventurism in Africa, especially in the civil war in Angola. U.S. Secretary of State Henry Kissinger repeatedly charged the Kremlin with using Cuban surrogates to spread Soviet influence and power to Africa. But new information from archives in Moscow as well as interviews with Soviet officials reveals that the Kremlin was not in control of the situation. In an article in *Parameters,* a publication of the U.S. Army War College, William DePalo, Jr., places Cuban leader Fidel Castro in the forefront of the effort to assist black liberation movements in Africa. Castro, who believed progressive states had an obligation to aid such movements, began supplying arms and advisers to the Popular Movement for the Liberation of Angola (MPLA) as early as 1965. "Soviet policy," on the other hand, DePalo writes, "clearly revolved around geopolitical considerations, a position which put it increasingly at odds with Cuba."[24]

Party secretary Leonid Brezhnev at first flatly refused to transport Cuban troops to Angola or to send Soviet officers as advisers, and even the KGB raised doubts about direct intervention. The Kremlin did not know about or authorize the initial deployment to Angola in September 1973; the 2,000 Cuban troops arrived on old passenger aircraft and prerevolutionary cruise ships. It is true that KGB officials like Yuri Andropov (later briefly party general secretary) as well as officials in the party's International Department were eager to lend support to liberation movements lest Russia lose ground in its rivalries with China and the United States. But they envisioned only limited backing. Only after South Africa invaded Angola in October 1975 to battle the MPLA did Moscow assist the Cuban operation.

The story of Soviet involvement in Afghanistan is even more revealing of

[23]Hope M. Harrison, "Ulbricht and the Concrete 'Rose': New Archival Evidence on the Dynamics of Soviet-East German Relations and the Berlin Crisis, 1958-1961," Cold War International History Project Working Paper No. 5, Woodrow Wilson International Center, 1993, p. 56.

[24]William A. DePalo, Jr., "Cuban Internationalism: The Angola Experience, 1975-1988," *Parameters,* 23 (Autumn 1993), pp. 61-74.

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the frustrations the Kremlin faced in its dealings with communist leaders whom historians once considered docile Soviet clients. Soviet Foreign Ministry records indicate that the ambassador in Kabul, Aleksandr Mikhailovich Puzanov, was caught by surprise and was by no means enthusiastic when the Afghan Communist Party came to power in an April 1978 coup. Puzanov was well aware of the bitter divisions between the party's Parcham and Khalq factions, and he considered the latter's leaders ultra-leftist. The ambassador advised the factions to reconcile and to move forthrightly to mobilize communist support in the countryside.

The Khalq leaders successfully solicited large amounts of aid from Moscow, but they defied Soviet advice, pursuing land policies that engendered widespread unrest and engaging in political fratricide. The Soviets observed developments with growing alarm as they witnessed the disintegration of the shah's regime in Iran and the rise of Islamic fundamentalism. Soviet policy in Afghanistan, Odd Arne Westad concludes, was not shaped by the Cold War rivalry with the United States but by fears of "a regional challenge from militant Islam."[25] Ultimately the Soviet Union invaded in December 1979 to stabilize an increasingly untenable and frightening situation.

THREATS AND PHANTOMS

Although Soviet policy was primarily security-oriented and circumscribed rather than dictated by revolutionary fervor, and though clients led the Kremlin into some involvements rather than the other way around, the West still had ample reason to distrust Stalin and his successors. Stalin's letters to Molotov show a man consumed by suspicion who considered capitalism an avowed enemy.[26] And while not a big risk-taker, Stalin would exploit adversaries' perceived weaknesses or hesitation, as in Czechoslovakia in 1948 and in Korea two years later.

But fear of American power in conjunction with ideological assumptions about the behavior of capitalist nations shaped the Soviet mindset and influenced officials' behavior. In 1946 the ambassador to the United States, Nikolai Novikov, dispatched a memorandum to Moscow that is now often compared to George Kennan's famous "Long Telegram," which characterized the Soviet Union as an implacable foe and outlined the need for containment. Novikov's analysis of American foreign policy dwelled on its expansionist impulses, focused on reactionary factions and imperialist motivations, stressed the U.S. rivalry with Britain over Middle Eastern oil, and urged Moscow to be vigilant in protecting national security. Assuming America's hostility, neither Novikov nor his successors could grasp the strategic anxieties of capitalist nations like the United States. Arriving in Washington several years later, Dobrynin admits, his mind too "was clogged by the long years of Stalinism, by our own ideological blinders, by our deep-seated beliefs and per-

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[25]Odd Arne Westad, "Prelude to Invasion: The Soviet Union and the Afghan Communists, 1978-1979," *The International History Review*, 16 (February 1994), pp. 49-69.

[26]Lars Lih, Oleg V. Naumov, and Oleg V. Khlevniuk, eds., *Stalin's Letters to Molotov, 1925-1936*, New Haven: Yale University Press, 1995.

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ceptions, which led to our misconstruing all American intentions as offensive."[27]

Most writers would concur with David Holloway's opinion that the West could never have laid Stalin's suspicions to rest, yet that does not mean the West bears no responsibility for the course of the Cold War. Dobrynin, after acknowledging his ideological blinders, hastens to add, "Dogma itself was strengthened by the permanent postwar hostility of the United States and its own intransigence toward the Soviet Union."[28] The new research clearly shows that American initiatives intensified Soviet distrust and reinforced Soviet insecurity.

After achieving victory over Germany at a terrible price and gaining a position of unprecedented strength in the middle of Europe, in August 1945 the Russians suddenly faced the reality that the Americans possessed atomic weapons and were willing to employ them. Although he had learned about the Manhattan Project through Soviet espionage, Stalin felt betrayed because Roosevelt and Truman had not leveled with him about the new weapon in their arsenal. Stalin, Holloway writes, believed "that the United States wanted to use the bomb as an instrument of political pressure."[29] U.S. diplomatic intransigence at the Potsdam conference in July 1945, especially on the subject of reparations, seemed to confirm that belief. Gromyko recalls Stalin saying to him during the conference, rather calmly, "Washington and London are hoping we won't be able to develop the bomb ourselves for some time. And meanwhile, using America's monopoly . . . they want to force us to accept their plans on questions affecting Europe and the world. Well, that's not going to happen."[30]

Holloway argues that the bomb did not dictate the Kremlin's adoption of a realist foreign policy; the choice for realism, rather than a revolutionary or liberal orientation, had already been made. But Stalin and Molotov believed that "the United States would use the atomic bomb to intimidate the Soviet Union, to wring concessions from it, in order to impose its own conception of the postwar order. . . . It was crucial, therefore, to show that the Soviet Union was tough, that it could not be frightened."[31]

The explosion of a Soviet atomic device in August 1949 did not assuage these feelings of vulnerability; many of the newly opened documents illuminate the Kremlin's ongoing agitation over the strategic arms race. "The Soviet leadership of the 1960s," write two former senior arms control negotiators, "learned one thing too well: American superiority in the number of nuclear weapons led to an inequality that threatened Soviet security."[32] From the Kremlin's perspective, America's determination to keep the lead forced the Soviet Union to match or sur-

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[27]Dobrynin, p. 24.

[28]Ibid.

[29]Holloway, p. 46.

[30]Andrei Gromyko, *Memoirs,* New York: Doubleday, 1989, p. 110.

[31]Holloway, p. 169.

[32]Aleksandr G. Savelyev and Nikolay N. Detinov, ed. Gregory Varhall and trans. Dmitriy Trenin, *The Big Five: Arms Control Decision-Making in the Soviet Union,* Westport: Praeger, 1995, p. 3.

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pass U.S. capabilities just to safeguard its own position and reach acceptable compromises in negotiations over the future of Germany, arms limitation, and other matters. Lebow and Stein conclude their account of the Cuban missile crisis by noting that Khrushchev believed superpower relations would actually improve after the Kremlin deployed missiles to the island: "Khrushchev was convinced that the Americans respected power and would moderate their hostility when they were forced to accept the Soviet Union as a military equal."[33]

Each side, Lebow and Stein emphasize, regarded the other as an opportunistic aggressor, and each, therefore, mistook defensive initiatives for aggressive ones. One can see this misreading in the Soviet reaction to the Marshall Plan. In June 1947 the United States—prompted mainly by fears that dollar shortages in Europe could set back European recovery and ignite political unrest that would benefit communist parties—announced that it would offer economic aid to European nations that agreed to cooperate in a plan for European recovery. For a variety of complicated tactical reasons, all European countries, including Soviet Russia, were invited to participate in the plan so long as they agreed to certain as yet unspecified conditions.

The Marshall Plan was probably the most effective program the United States launched during the entire Cold War. But exciting new research in archives in Russia and Eastern Europe highlights the fears that the plan triggered in Moscow. Mikhail Narinsky, a Russian scholar working at the Moscow-based Institute for Universal History, and Scott Parrish, a political scientist who recently completed his doctoral dissertation at Columbia University, have shown that after initial interest, Molotov and Stalin quickly became convinced that the U.S. aid was designed to lure the Kremlin's East European neighbors out of its orbit and to rebuild German strength.[34] They viewed the Marshall Plan and accompanying measures to revive industry in western Germany and to create the Federal Republic as fundamental threats to Soviet security. These perceptions prompted the Kremlin to form the Cominform, suppress all dissent in Poland, Romania, and Bulgaria, extinguish the opposition in Hungary, encourage a communist coup in Czechoslovakia, and blockade Berlin. These actions in turn magnified the sense of threat in Washington and London, precipitating the formation of NATO and solidifying the long-term division of Europe. "For Stalin," say Zubok and Pleshakov, "the Marshall Plan was a watershed."[35]

IDEALS AND SELF-INTEREST

It is now evident that the men in the Kremlin did not know precisely what they wanted to do. Their ideology did not chart a master plan; rather, it distorted their interpretation of other nations' be-

[33]Lebow and Stein, p. 87.

[34]Scott D. Parrish, "The Turn toward Confrontation: The Soviet Reaction to the Marshall Plan, 1948," Cold War International History Project Working Paper No. 9, Woodrow Wilson International Center, 1994; and Mikhail M. Narinsky, "The Soviet Response: The Turn to Confrontation," ibid.

[35]Zubok and Pleshakov, p. 50.

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havior and heightened their perception of threat. Because of the pervasive suspicion in the apparat, officials in different agencies rarely spoke to one another, and each bureaucracy pursued its own objectives. Although the regime was brutal and centralized, policy was erratic and contingent.

One empathizes with U.S. officials who had difficulty grasping what was happening inside the Kremlin. Unsurprisingly, they chose to operate on the basis of certain assumptions: totalitarian nations seek unlimited expansion; communists have a master plan. But today the United States and Russia are in a position to inject substantially more complexity and subtlety into their understanding of the Cold War. Americans should reexamine their complacent belief in the wisdom of their country's Cold War policies. U.S. officials acted prudently in the early years of the Cold War, but their actions increased distrust, exacerbated frictions, and raised the stakes. Subsequently, their relentless pursuit of a policy of strength and counterrevolutionary warfare may have done more harm than good to Russians and the other peoples of the former Soviet Union as well as East Europeans, Koreans, and Vietnamese. Quite a few of the new books and articles suggest that American policies made it difficult for potential reformers inside the Kremlin to gain the high ground. There were times during the 1950s, 1960s, and 1970s when Stalin's successors might have liked to stabilize the relationship and curtail the competition with the West, but the perceived threat emanating from the United States held them back.[36]

As for Stalin, he had no desire to change the totalitarian system he had established before World War II. In fact, the Cold War played into his hands, enabling him to perpetuate the system. But the evidence does not show that Stalin initially thought it would be in the Soviet Union's interest to have a cold war. Nor did the Soviet leader seek unlimited expansion. Western actions, though prudent, intensified his suspicions. Meanwhile, the presence of Soviet armies in Eastern and Central Europe created a dynamic of its own, fostering the replication of the Soviet totalitarian system in the satellites even in the absence of a grand strategy.

Americans must acknowledge that the U.S. government acted not from moral revulsion against Stalinism but out of fear of Soviet power in the international system. President Truman knew Soviet Russia was a police state, but he liked doing business with Stalin in the beginning. "I can deal with Stalin," Truman wrote in his diary. "He is honest—but smart as hell." Basically, he did not care very much what was happening behind the Iron Curtain. "You know," he jotted in his diary on another occasion, "Americans are funny birds. They are always sticking their heads into somebody's business which isn't any of theirs." Russians, he opined, "evidently like their government

[36]Savelyev and Detinov; Zubok and Pleshakov, pp. 275-82; James Richter, *Khrushchev's Double Bind: International Pressures and Domestic Coalition Politics,* Baltimore: Johns Hopkins University Press, 1994; Richard D. Anderson, *Public Politics in an Authoritarian State: Making Foreign Policy during the Brezhnev Years,* Ithaca: Cornell University Press, 1993; and Lebow and Stein.

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or they wouldn't die for it. I like ours so let's get along."[37] Truman's views changed only when he grew to fear the prospective growth of Soviet power. Truman disliked tyrants and believed in self-government, but not enough to do anything about them unless he saw U.S. interests engaged.

Turning the Cold War into a morality play encourages the ducking of moral dilemmas present and future. What happens when virtue and self-interest do not go hand in hand? Americans and their leaders wind up beleaguered and conflicted when they come up against evil-laden situations, as in Bosnia, Rwanda, and Somalia, that do not pose a threat to vital interests. Americans' sense of rectitude, stoked by victory in the Cold War, encourages them to overlook the extent to which they have tolerated and even aligned themselves with evil regimes when their own interests were not endangered or when it served their interests to do so, thus making life worse for peoples elsewhere. The opening of their enemies' archives should hardly inspire complacency.

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[37]Robert H. Ferrell, ed., *Off the Record: The Private Papers of Harry S. Truman*, New York: Harper & Row, 1980, p. 53, pp. 44-45, 56-57.

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Recent Books on International Relations

Political and Legal

FRANCIS FUKUYAMA

Democracy and the Global Order: From the Modern State to Cosmopolitan Governance. BY DAVID HELD. Stanford: Stanford University Press, 1995, 324 pp. $49.50 (paper, $16.95).

This ambitious book argues that modern liberal democracy is no longer a sufficient political system. The author notes that the rise of contemporary representative democracy was deeply intertwined with the development of the nation-state. The global economy, however, with its transnational corporations, interest groups, and other transnational and supranational trends, has grown beyond the control of individual nation-states. Decisions made by other political communities impinge on one's own, with no obvious democratic recourse when rights and interests are not respected.

The author's solution is to establish a "cosmopolitan democracy" that could democratically control these new forces, just as strong welfare states were developed in the 1930s to control capitalism at the national level. However, in an age in which big government is under attack, calling for new political institutions on a global scale with enormous legislative and regulatory powers is both hubristic and quixotic. The world is saved from U.N. inefficiency only by the organization's weakness. A functioning world government would quickly become a monstrosity of administrative costs and good intentions gone awry. The result would not be democratic empowerment but a feeling of disenfranchisement at the hands of a new bureaucracy.

What Was Socialism, and What Comes Next? BY KATHERINE VERDERY. Princeton: Princeton University Press, 1996, 298 pp. $49.50 (paper, $17.95).

This book has a worthwhile opening chapter describing "real existing socialism"

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as an ideal type. In contrast to conventional accounts that pay far too much attention to formal institutions, the author, an anthropologist specializing in Romania, tries to explain the informal social structures that evolved to enable the formal system to work. Attention to the way that power had already diffused before 1989, from ministries to enterprises and the informal networks supplying them, provides an explanation for the system's rapid collapse: many managers under the old regime were itching to become owners. This fact also explains why many post-communist societies have evolved, as the author puts it, from socialism to feudalism, as these social groups have moved from de facto to de jure power. The book makes clear that sociology and anthropology—long neglected disciplines in the study of this part of the world—are absolutely critical today.

Bringing Transnational Relations Back In: Non-State Actors, Domestic Structures and International Institutions. EDITED BY THOMAS RISSE-KAPPEN. Cambridge: Cambridge University Press, 1995, 323 pp. $54.95 (paper, $18.95).

This inelegantly titled book makes an important point: transnational actors, from multinational corporations to international nongovernmental organizations, have grown in importance since the 1970s, when they first surfaced as a trendy subject. While the contributors do not deny that states remain the chief decision-makers, the cases studied here document the impact that transnational actors have had in areas from trade policy to security. This influence has emerged not only where one would expect, on secondary issues and in open societies, but on major issues and in closed societies like the former Soviet Union and Eastern Europe. The editor concludes that the degree of influence depends, not surprisingly, on the character of domestic institutions and social arrangements in the countries concerned. One issue not adequately addressed here, except briefly in the essay by Stephen Krasner, is how information technology facilitates the rise of transnational civil societies, and the ways such a borderless world may develop. Krasner is right to point out, however, that current notions of the powers of a sovereign state are tied to the period of industrialism, and that the apparent arrival of transnational actors is really a return to the pattern before this century.

Hidden Order: How Adaptation Builds Complexity. BY JOHN H. HOLLAND. Reading: Addison-Wesley, 1995, 185 pp. $24.00.

Contemporary realist theory starts from the premise that the international system is "anarchic," as if anarchy were somehow an anomalous condition. But in a discussion of complex systems such as biology and the stock market, John Holland and his colleagues at the Santa Fe Institute have argued that order often emerges out of unordered systems. Work on "complex adaptive systems" suggests that the behavior of most biological systems is not centrally controlled. Indeed, lack of centralized control is what makes the system more adaptive in the long run. In fact, most biological and social systems are anarchic, a condition that nonetheless permits substantial self-organization. This work is highly suggestive for the social sciences, offering an explanation why

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central planning has given way to markets. A further implication may be that there can be no deterministic model for the behavior of international systems, and that theorists who have been chasing elegant and highly reductionist models of international relations are doomed to fail. While written for non-mathematicians, the book remains hard going because of its abstractness. This is, nonetheless, a body of ideas that needs to be considered by those who think about the international system.

Nationalism and Rationality. EDITED BY ALBERT BRETON ET AL. Cambridge: Cambridge University Press, 1995, 323 pp. $54.95.

This volume represents the efforts of a group of social scientists from the rational choice school to explain nationalism. The editors admit that the book's essays do not fully crack this particular nut, but they express the hope that rational choice will one day be able to explain even this most irrational of phenomena. While the essays demonstrate that there are rational elements to nationalist movements, the book does not adequately come to terms with the question of whether struggles over ends related to rights and identity can be comprehended by an essentially economic methodology.

Crucibles of Beliefs: Learning, Alliances, and World Wars. BY DAN REITER. Ithaca: Cornell University Press, 1996, 232 pp. $35.00.

This book chips away further at the edifice of realism in international relations theory, arguing that small states' choices of alliances are not determined by considerations of power and security, as the realists would have it, but rather by their acquired experiences in war. Historical learning thus explains why Norway joined NATO after World War II and Sweden did not. The author deploys a rather formidable methodology to prove what would appear to be an obvious point, but such is the nature of the social sciences today.

Crisis Bargaining and the State: The Domestic Politics of International Conflict. BY SUSAN PETERSON. Ann Arbor: University of Michigan Press, 1996, 208 pp. $42.50.

One would expect the realist paradigm to work best in crisis situations where grave national interests are at stake and where states are forced to behave as individual actors rationally focused on security. In case studies of the Crimean War and the Fashoda and Berlin crises, the author shows that even in such situations, domestic politics continues to play a role. Not surprisingly, the more diffuse and open the political system, the greater the domestic influence. Some of the author's broader conclusions, such as that specific institutions rather than democracy per se are likely to determine the proclivity for war, are not adequately demonstrated on the basis of the cases studied here.

Nations Without States: A Historical Dictionary of Contemporary National Movements. BY JAMES MINAHAN. Westport: Greenwood Press, 1996, 692 pp. $99.50.

For those who cannot quite remember what the capital of Meghalaya is or who the Ingrian people are, this is a most helpful reference book. The only common characteristic of the "nations" cata-

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loged here is that they are not represented by nation-states. Some, like Scotland, are familiar, but most are obscure. Each entry provides basic facts and figures on population, geography, religion, and language, as well as a capsule history (whose accuracy, I suspect, might be debated by the peoples in question) of how each nation came to be.

Economic, Social, and Environmental

RICHARD N. COOPER

Divided Sun: MITI and the Breakdown of Japanese High-Tech Industrial Policy, 1975-1993. BY SCOTT CALLON. Stanford: Stanford University Press, 1995, 240 pp. $29.50.

The Origins of Japanese Trade Supremacy: Development and Technology in Asia from 1540 to the Pacific War. BY CHRISTOPHER HOWE. Chicago: University of Chicago Press, 1996, 471 pp. $49.95.

Here are two worthwhile books on what these days is called "industrial policy" as applied in Japan. Howe of the University of London recounts the evolution of the Japanese economy from the sixteenth century, when it first opened to European trade, to the 1930s. He emphasizes the Meiji era, with an interesting discussion of Japanese colonial policy in Taiwan and Manchuria, and Japan's sense of vulnerability over food supplies and markets for manufactured goods that led it to follow its disastrous path of conquest in the late 1930s. Howe observes that the distinctive blend of public policy and private enterprise that has characterized Japan down to the present has important historical origins. Noteworthy to Japan's commercial success was an early emphasis on education, especially mastery of foreign languages. As in most histories, there is no serious examination of possible alternative paths, so Japan's success is implicitly attributed to the policies it adopted.

Callon in effect takes up the story 40 years later, closely examining the role of the Japanese government, especially the Ministry of International Trade and Industry, in promoting technical and commercial success in electronics and computers. Concretely, he looks closely at the widely heralded government promotion of very large integrated circuits, supercomputers, so-called fifth generation "intelligent" computers, and major new software systems. Callon judges these recent attempts at industrial policy largely to have failed, integrated circuits partially excepted. Even when some technical successes were achieved, they were largely attributable to the actions of individual firms, not collective MITI-sponsored endeavors; MITI's limited financial support was largely unproductive. He explores the strong interministerial and interfirm rivalries that now make successful concerted action difficult, and the resulting transformation of MITI from a ministry favoring close supervision and guidance of Japanese industry to one leaning strongly toward deregulation.

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Wriston: Walter Wriston, Citibank, and the Rise and Fall of American Financial Supremacy. BY PHILLIP L. ZWEIG. New York: Crown Publishers, 1996, 952 pp. $40.00.

Banking is regarded by many as a dull activity run by dull people, but both come alive in this biography of Walter Wriston, CEO of Citicorp for 17 years from 1967 to 1984. His tenure covered major world economic events—the cessation of the dollar's gold convertibility, the move to floating exchange rates, two large oil price increases and the accompanying inflation and recession that were dubbed stagflation, and the most serious international debt crisis since the 1930s. Wriston was involved in all of them, both as chief of the country's most internationally engaged bank and as counselor to sundry presidents, secretaries of state and treasury, and Federal Reserve chairmen. In a highly regulated industry, Wriston was a vigorous advocate of free markets. He was not always popular with the regulators, nor with other bankers, but during his tenure Citibank pioneered several financial market innovations, such as negotiable certificates of deposit and floating-rate notes in the U.S. market. This hefty, well-written volume also covers the post-Wriston legacy of Citicorp, including the real estate problems of the early 1990s, and offers a general commentary on world financial history since the 1950s from the perspective of one of the world's leading and most outspoken bankers.

Market Unbound: Unleashing Global Capitalism. BY LOWELL BRYAN AND DIANA FARRELL. New York: John Wiley & Sons, 1996, 268 pp. $27.95.

The basic thesis of the authors, who were employed by the consulting firm McKinsey and Company, is that the theoretical notion of a single integrated world market for tradable financial assets is gradually becoming a reality. This accelerating development will put increasing pressure on governments to alter their unsustainable practice of borrowing to finance current expenditures, particularly entitlements. At the same time, the globalization of capital markets creates lucrative opportunities, especially for Americans, who, as measured by the justly praised McKinsey productivity studies, are on average close to the best in the world in producing goods and, in particular, services. World financial assets, estimated now to exceed $41 trillion, have been growing substantially more rapidly than world income or the world stock of physical capital, as illiquid assets are increasingly securitized and as outstanding equities are revalued upward. Contrary to conventional concerns about capital shortages, the authors foresee a ready availability of investable funds in the next decade as the populations of rich countries move into the high-saving 40-to-64 age bracket. But in the more distant future, as these people retire, they will put heavy pressure on government finances by drawing on currently underfunded public pension and health commitments, although the United States, surprisingly, is in relatively better shape than other rich countries in this regard.

The Political Economy of the World Trading System: From GATT to WTO. BY BERNARD HOEKMAN AND MICHEL KOSTECKI. New York: Oxford University Press, 1996, 301 pp. $55.00 (paper, $27.00).

The completion in 1994 of the Uruguay Round and the creation of the World Trade Organization were major achieve-

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ments in multilateral trade policy and international cooperation, completing the system of international institutions begun in 1945. But the agreements taken together run to thousands of pages. Hoekman and Kostecki have performed a signal service by writing an up-to-date primer on GATT, as modified and extended by the Uruguay Round. In straightforward language they explain the trading system after Uruguay and its still-unresolved issues. Most important, Uruguay extends the formal international trading system to services for the first time, with rules that parallel but necessarily differ from those for goods. The trade rules are full of dry but significant details, and this book reflects both aspects. It is a most useful introductory handbook on the subject.

Global Habit: The Drug Problem in a Borderless World. BY PAUL B. STARES. Washington: Brookings, 1996, 171 pp. $24.95.

The consumption of cocaine and heroin has often been viewed as just one more manifestation of American social ills. Unhappily, the habit is spreading, not only to Europe but to other parts of the world that have growing numbers of listless urban youth, universally accompanied by increased crime that is attracted by high profits and demand that is insensitive to prices. This book merely whets one's appetite on drug use as a transnational issue. The same improvements in transportation and communication that make increasing globalization of legitimate business attractive have made drug distribution easier and more lucrative. This is a problem that will require ever-closer intergovernmental cooperation, and the book usefully sketches the history of international cooperation on this problem over the past century. The negative approach of regarding drug production and distribution exclusively as a law enforcement issue, the book points out, despite numerous tactical successes, has not stopped or even slowed drug use. Nor is it likely to do so, not least because drug profits corrupt politicians and law enforcement officials, especially in poor countries. The book disappoints in only touching on decriminalization and curiously fails to evaluate its various experiments in other countries. It largely eschews quantification, so the reader is unclear in what respects the situation in the United States and Europe is improving or seriously worsening. And it only briefly sketches a positive approach involving prevention and treatment that might be effective when combined with attacks on production, distribution, and financing. But it is a useful start on a topic of great importance to 21st-century society.

Military, Scientific, and Technological

ELIOT A. COHEN

Secret Soldier: The True Life Story of Israel's Greatest Commando. BY MUKI BETSER. New York: Atlantic Monthly Press, 1996, 276 pp. $23.00.

Despite the derring-do title, this is an insightful memoir by a former senior officer in Israel's elite Sayeret Matkal reconnais-

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sance unit of the general staff, the equivalent of organizations such as Britain's Special Air Service or the United States' Delta Force. What makes it unusual is an absence of bluster or bravado—and the author's willingness to criticize, sometimes harshly, the shortcomings of the Israeli military. Badly wounded in one of the first cross-border raids after the Six Day War, Betser repeatedly found himself at odds with higher-ups. There are no scandals retailed here, but there are many reminders that the Israeli Defense Force, like all militaries, suffers its share of bureaucratic pathologies. The book also reveals the qualities that have made the IDF a remarkable overall success: its democratic culture, its ability to routinely tap reservists as well as active-duty personnel, and, above all, the conviction and motivation of its fighters.

The Arming of Europe and the Making of the First World War. BY DAVID G. HERRMANN. Princeton: Princeton University Press, 1996, 307 pp. $39.50.

Historians and political scientists have closely examined the naval race of the pre–World War I period—the so-called Dreadnought revolution—and its aftermath. Here is a valuable and long-overdue book that complements that work, a survey of European land armies on the eve of World War I. The author carefully and thoughtfully documents the competition in land armaments in the decade before 1914, when the military expenditures of some great powers (Germany in particular but also Russia and France) rose by between 50 and 100 percent, while those of others (Britain and Austria, for example) stagnated. No less important, he explores the ability of the various armies to adapt the new technologies of warfare to their individual circumstances. In so doing, he undermines to a considerable degree the traditional belief in the mental limitations of the prewar officer corps who, in the words of one critic, "failed to understand that fire kills." The result is a far more nuanced and sophisticated understanding of military organizations as they faced the calamity of the First World War. A first-rate piece of work.

Strategic Information Warfare: A New Face of War. BY ROGER C. MOLANDER, ANDREW S. RIDDILE, AND PETER A. WILSON. Santa Monica: RAND, 1996, 105 pp. $15.00 (paper).

Information warfare remains a nebulous subject, but this monograph offers one of the most interesting and revealing ways of thinking about it, at least in an unclassified venue. A short but comprehensive discussion of the central issues in information warfare, particularly defense against attacks on the myriad information systems that keep American society running, is followed by an ingenious "day after" exercise that illustrates and amplifies these problems. In three parts—"the day of" an information attack, "the day after," and finally "the day before"—participants can work their way through the decision-making problems of information warfare. The exercise, which has been tested with many government and private groups, is a brilliant device for exploring a problem bound to become more salient.

The Lessons of Modern War, Vol. 4: The Gulf War. BY ANTHONY H. CORDESMAN AND ABRAHAM R. WAGNER. Boulder: Westview, 1996, 1022 pp. $98.00 (paper, $23.95).

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Fourth in a series that has covered the Arab-Israeli conflict from 1973 through 1989, the Iran-Iraq War, and the Afghan and Falklands wars, this is a crushingly complete and data-filled tome. Drawing on the best available sources, including government reports, journalistic coverage, memoirs, and interviews, the authors have amassed an enormous amount of material on the Persian Gulf War. More a reference volume with a technical focus than a book to be read from beginning to end, it nonetheless contains interesting analytical sections and deals well with issues of high policy and strategy. It is, in short, a comprehensive guide to the war, which should stand for some years to come as a most useful work on the subject.

Strategic Appraisal 1996. EDITED BY ZALMAY KHALILZAD. Santa Monica: RAND, 1996, 329 pp. $20.00 (paper).

This book draws on staff members at RAND and outside experts (Fritz Ermarth on Russia, Stephen Larrabee on the Balkans, Michael Swaine on China, Graham Fuller on the Middle East) to survey world security developments during the past year. The chapters follow no template, a wise move on the part of the editor, who formerly directed the policy planning staff in the Pentagon. The reference guides at the end of each essay play up RAND publications a bit but contain useful pointers for further reading. Although the purpose of the book is to help Air Force decision-makers "understand the strategic background" to their decisions, it is a work of general utility for the student of strategic affairs.

Historical Atlas of the Vietnam War. BY HARRY G. SUMMERS, JR. New York: Houghton Mifflin, 1995, 224 pp. $39.95.

Colonel Summers has written extensively on the Vietnam War, beginning with a trenchant, if controversial, short volume when he was on the faculty of the U.S. Army War College and continuing through a host of magazine articles and reference works. This atlas is a particularly useful addition to the literature on the subject. Beautifully and imaginatively illustrated, it helps make concrete and vivid a war that in the history books often seems amorphous and incoherent. The air war as well as ground operations are diagrammed carefully and well, and the history of the war before 1965 receives careful attention. Students of the war may disagree with the author's views on personalities and his strategic judgments, which are pronounced (although consistent with his earlier writings—he thinks that the army should have fought the war even more conventionally than it did). But that does not diminish the usefulness of the volume.

Asian Security, 1995-96. BY THE RESEARCH INSTITUTE FOR PEACE AND SECURITY. Washington: Brassey's, 1995, 261 pp. $37.50.

A solid if uninspiring volume, this work summarizes the domestic politics, economics, foreign relations, and military developments of the United States, Russia, China, and Japan. Chapters are also devoted to the Koreas, southern and Southeast Asia, and the southwest Pacific, to arms control and refugee issues, and to

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a segmented chronology. The book relies heavily on text and is noticeably short of tabular or graphic information. It is nonetheless a handy guide.

Dominant Battlespace Knowledge: The Winning Edge. EDITED BY STUART E. JOHNSON AND MARTIN C. LIBICKI. Washington: National Defense University Press, 1995, 149 pp.

Information Technologies and the Future of Land Warfare. BY BRIAN NICHIPORUK AND CARL H. BUILDER. Santa Monica: RAND, 1995, 87 pp. $15.00 (paper).

These two brief works take different but useful looks from the think tank world at the impact of the information revolution on warfare. The RAND volume is heavier on civilian technology than on its military applications, but it raises at least one central issue: the "de-layering" of structured, hierarchical organizations. The National Defense University book is introduced by Admiral William A. Owens, formerly vice chairman of the Joint Chiefs of Staff, who is a visionary proponent of what is here called "dominant battlespace knowledge"—that is, vastly increased quantities of accurate, timely information about the area in which battle takes place. One's heart sinks at the reduction of this notion to the acronym DBK, however. The military analytical community's penchant for reifying an interesting concept—the first step toward rendering it a cliché, which is itself but a short distance from terminal irrelevance—is manifest. The short conceptual essays offer some interesting ideas about war in an age of vastly improved information. One wonders, however, what will be the nature of the gap between theory and practice in this field and how quickly, if ever, it will be closed.

Revolution in Warfare? Air Power in the Persian Gulf. BY THOMAS A. KEANEY AND ELIOT A. COHEN. Annapolis: Naval Institute Press, 1995, 314 pp. $38.95.

The authors were charged by the U.S. Air Force with developing an assessment of the Persian Gulf War air campaign comparable to the U.S. Strategic Bombing Survey undertaken after World War II. Given special access to classified data and key individuals involved in planning and executing the campaign, they argue persuasively that technological advances, including stealth, laser-guided munitions, and anti-radiation missiles, permitted air power to operate at unprecedented levels of effectiveness. But they also rigorously detail air power's limitations, including its inability to eliminate the Iraqi nuclear weapons program, neutralize the Scud missile threat, or shatter Saddam Hussein's hold on power through attacks on the Iraqi leadership. The book's liberal use of charts and tables—a number of which are difficult to read or interpret—both reward and punish the reader. But taken as a whole, the book presents as comprehensive an assessment of the role of air power in the war as is likely to be written for a long time.

ANDREW F. KREPINEVICH, JR.

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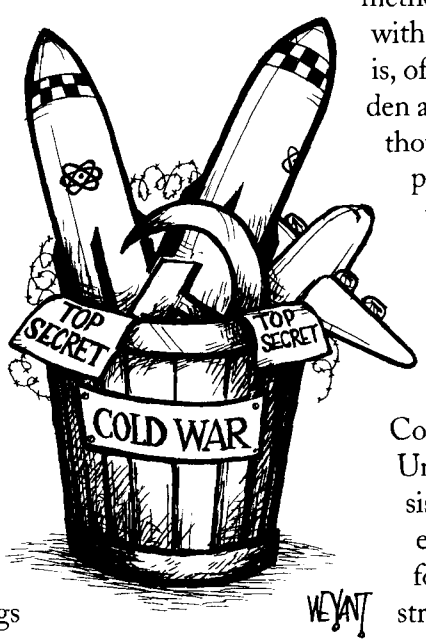
The United States

DAVID C. HENDRICKSON

At a Century's Ending: Reflections, 1982–1995. BY GEORGE F. KENNAN. New York: W. W. Norton, 1996, 351 pp. $27.50.

The graceful essays collected in this volume embrace a wide variety of topics but mostly trace the author's growing horror at the direction of American foreign policy in the final stages of the Cold War. Kennan is normally regarded as the architect of America's containment policy toward the Soviet Union. For the greater part of the Cold War, however, he was a critic, and an increasingly severe one, of the policy he helped found. He came to regard the militarization of the conflict as both a colossal waste of resources and a source of infinite peril, themes to which he continually returns in these essays. The almost religious intensity with which he rejected U.S. policy gives many of his judgments an unbalanced character. "Never," he wrote in 1987, was American security "more endangered than it is now." So, too, his depictions of the outlook of U.S. political and military leaders in the 1980s are reminiscent of the very one-sidedness and proclivity toward demonization he found objectionable in U.S. attitudes toward the Soviet Union. Despite these flaws, there is much in Kennan's overall outlook that remains appealing. His warnings about the readiness of American leaders to convert intractable conflicts of national interest into profound moral dramas and his emphasis on the need to direct moral criticism to the redress of failings at home are wise counsels.



From the Shadows: The Ultimate Insider's Story of Five Presidents and How They Won the Cold War. BY ROBERT M. GATES. New York: Simon & Schuster, 1996, 529 pp. $27.50.

An engaging account—part memoir, part history—of the last half of the Cold War. Gates is a career CIA official and Soviet specialist who served variously as an assistant to Stansfield Turner, Zbigniew Brzezinski, and William J. Casey, ultimately becoming director of central intelligence in the Bush administration. He is a surprisingly good writer; some of his character sketches are amusing and perceptive. Casey, Gates writes, "would go through a book fast—he called his style 'skip-reading'—sucking out the essence and moving on" (a method they might get away with at Langley but which is, of course, strictly forbidden at *Foreign Affairs*). Although Gates adopts a plaintive and defensive tone when discussing the charges of politicization raised during his confirmation hearings in 1991, and ignores the costs the Cold War imposed on the United States, his analysis overall has a disinterested quality unusual for a participant. He stresses the extraordinary

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continuity of American policy from Nixon to Bush, the secret all presidents, eager to make their own mark, were loath to acknowledge. The most important but least acknowledged continuity of all, he insists, was that between Carter and Reagan, with the former beginning many of the covert actions, strategic programs, and moral campaigns that exploited Soviet vulnerabilities in the last phase of the epic struggle.

The Imperative of American Leadership: A Challenge to Neo-Isolationism. BY JOSHUA MURAVCHIK. Washington: AEI Press, 1996, 261 pp. $24.95.

A spirited polemic that urges the United States not to succumb to "the isolationist temptation." Muravchik, a fellow at the American Enterprise Institute, insists that the exercise of American power remains crucial in the making of a more peaceful and democratic world. The author sharply criticizes the West's response to the Bosnian conflict and regards the Dayton accords as unjust (although he never gets around to describing the lineaments of a just settlement). Muravchik usefully characterizes the new "great debate" as one between Washingtonians and Wilsonians, with the latter group giving far more attention than the former to "milieu goals." Wilsonians like Muravchik "are willing to travel much further along the chain of contingency to confront problems whose effect on us might be indirect or several steps removed." Critics of globalism will not want to join the author out along the distant reaches of the chain; opponents of unilateralism will wonder how leadership can be exercised over allies whose views are listened to only when they conform to those of the United States; skeptics of the aggressive promotion of democracy and human rights will worry about the consequences of doing so in regions, like East Asia, where such a posture seems likely to be counterproductive or destabilizing.

The Case Against Immigration: The Moral, Economic, Social, and Environmental Reasons for Reducing U.S. Immigration Back to Traditional Levels. BY ROY BECK. New York: W. W. Norton, 1996, 287 pp. $24.00.

A powerful and disturbing tract that recommends reducing legal immigration to as close to zero as possible. Beck argues that immigration at recent levels—720,000 legal immigrants were admitted in 1995—has exacerbated income inequality, badly worsened the economic prospects of black Americans, disrupted local communities, and, through sheer force of numbers, ravaged the environment. Anti-immigrationists are often tagged as nativists and xenophobes by their critics. Beck shows that the race card can be played by both sides; perhaps the most telling chapters of this book are those that argue that large-scale immigration since 1965 has played an important role in arresting the economic progress of blacks. The author says little about illegal immigration and the price that would be paid in personal liberty by increased efforts to crack down on it, but as persuasively as anyone he states the case and marshals the evidence for restricting the high levels of legal immigration.

A Twilight Struggle: American Power and Nicaragua, 1977–1990. BY ROBERT KAGAN. New York: Free Press, 1996, 903 pp. $30.00.

A brilliant and encyclopedic history of

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the American intervention in Nicaragua. Kagan served in the Reagan State Department and was a midlevel participant in many of the events he chronicles. Without abandoning his dubious conviction that aid to the contras was indispensable to removing the Sandinistas (who actually fell in a democratic election they were convinced they could not lose), Kagan nevertheless has succeeded admirably in approaching his subject from the more detached and objective station of the historian, and his literary gifts make the work appealing despite its oppressive length. His explanation of the Sandinistas' fall stresses the "disorderly mix of policies" that other analysts have invoked to explain the demise of the Soviet Union and the collapse of South African apartheid—a synthesis admirably suited to reconciliation among ideological warriors that has the added advantage of probably being true. Americans puzzled by contemporary policies in Somalia and Bosnia in which the exit is the strategy will find ample precedent in the history of American policy toward Nicaragua in this century—a history shaped, as Kagan argues, "by the tension between the impulse to exercise moral, economic, strategic, and philosophical hegemony and the equally powerful impulse to reject both the responsibilities and the moral costs of such a role."

U.S. Foreign Policy and the United Nations System. EDITED BY CHARLES WILLIAM MAYNES AND RICHARD S. WILLIAMSON. New York: W. W. Norton, 1996, 304 pp. $27.50.

One of the most striking paradoxes of the 1990s is that strong currents in American opinion have turned against the United Nations at precisely the moment when it is most in America's hands—that the restrictions it imposes on U.S. freedom of action have seemed most unbearable at the moment when it most reflects American will. That the United Nations is beset by weaknesses and incapacities of various kinds is acknowledged by the authors of this volume—a typically excellent American Assembly compendium—but they generally urge that recognition of the need for U.N. reform or of the inherent limitations of the organization not obscure its continuing utility for American foreign policy. Contributors include Michael Doyle, with an insightful essay on lessons learned from recent peacekeeping and peace enforcement operations; Lewis Dunn, who calls for "an enforceable global taboo" on the use of weapons of mass destruction but sidesteps the more difficult issue of enforcement of nonproliferation; Frederick Cuny on refugees and displaced persons, an essay completed shortly before his death in Chechnya; and Donald Puchala, who provocatively urges inventive but unrealistic changes in the United Nations' machinery and structure.

United States Development Assistance Policy: The Domestic Politics of Foreign Economic Aid. BY VERNON W. RUTTAN. Baltimore: Johns Hopkins University Press, 1995, 657 pp. $65.00.

The author, a professor of applied economics at the University of Minnesota, provides a painstaking history and analysis of the U.S. development assistance program over the past 50 years. He details the evolution of the Agency for Interna-

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tional Development and U.S. policy toward the multilateral lending institutions, U.N. agencies, and other assistance organizations. Ruttan distinguishes six different phases of assistance policy since World War II, emphasizing the degree to which policy was shaped, with detrimental effects, by domestic political interests. Although ably researched, this is in many ways a dispiriting book. The financial gap between what the author thinks desirable and what is politically feasible is so large that his suggested reforms seem like an exercise in futility.

Western Europe

STANLEY HOFFMANN

A History of Fascism, 1914-1945. BY STANLEY G. PAYNE. Madison: University of Wisconsin Press, 1996, 613 pp. $39.95.

Fascism: A History. BY ROGER EATWELL. New York: Allen Lane, 1996, 432 pp. $32.95.

Fascism: Past, Present, Future. BY WALTER LAQUEUR. New York: Oxford University Press, 1996, 263 pp. $25.00.

Fascism continues to fascinate historians and political scientists, both because the crushing of the fascist states in World War II did not completely destroy it as a political force and because it is so elusive a phenomenon. Payne recognizes that "the search for an adequate theory or interpretation of fascism has generally ended in failure." But he provides a list of mainly European factors that lead to its development. He calls fascism "a form of revolutionary ultra-nationalism for a national rebirth that is based on a primarily vitalist philosophy, is structured on extreme elitism, mass mobilization, and the *Führerprinzip,* positively values violence as ends as well as means, and tends to normatize war and/or the military virtues." But there were many different kinds of fascism, and Payne (and also the historian Robert Paxton) has reminded us that fascism as a movement struggling to get to power is different from fascism in power. Attempts to link it to specific social forces, a given stage of economic development, or a type of personality are not convincing. But Payne's book is particularly impressive because he tries to distinguish fascism from the radical right (more linked to religion, like the *Action française*) and the conservative right. He recognizes that the borders between them are porous and does not pay much attention to the left-wing origins of or influences on fascism so often stressed by the Israeli historian Zeev Sternhell. Insofar as any study can be called definitive, this is it.

Eatwell covers much of the same ground, but he is less interested in the theoretical issues raised by fascism, and his narrative is breezier. Less rigorous in trying to distinguish fascism from other kinds of authoritarian movements, he includes a chapter on France in the 1930s and during the war and a chapter on fascism's fiasco in Britain. Almost half the book describes post-1945 "neofascist" movements and parties in Italy, Germany, France, and Britain; more analysis would have been welcome. Laqueur, skeptical of theories, pays attention to the main components of fascism (doctrine, leaders, a single party, terror, and propaganda as well as relations with the church). The second part of his book, on postwar neofascism, emphasizes the

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fear of immigrants and the denial of the Holocaust. More original is the third part, called "Postfascism," in which he discusses "clerical fascism" in the Third World, mainly Islamic fundamentalism. He also looks at the prospects for a fascist revival in Russia and Eastern Europe. It is a sweeping survey, but the author's judgments are not particularly striking.

The Radical Right in Western Europe: A Comparative Analysis. BY HERBERT KITSCHELT. Ann Arbor: University of Michigan Press, 1996, 332 pp. $49.50.

Having previously studied European social democracy, the political scientist Herbert Kitschelt now applies his erudite and systematic mind to the new radical right. He focuses not on "simple class conceptions and related occupational distinctions," but on "the process of political preference formation in advanced capitalism" and the "demand" for rightist parties. On the supply side, he finds that the radical right is successful when a "convergence of Social Democratic and Moderate Conservative parties, together with an extended period of government participation by the moderate conservatives . . . creates the electoral opening for the authoritarian right that induces voters to abandon their loyalty to established conservative parties." He carefully distinguishes the new right from fascism: the former advocates the free market and is "the offspring of the postindustrialization of advanced capitalist economies," while the latter "originated in the problems of rapidly industrializing societies with weak democratic institutions . . . and severe economic crises." The theoretical chapters, with their batteries of hypotheses and dense analysis, are difficult, but after 90 pages of social science prose there are informative case studies of France, Scandinavia, Austria, Italy, Germany, and Britain. On the whole, political opportunity in the "electoral market" proves superior to other theories, as Kitschelt points out repeatedly.

Politics after Hitler: The Western Allies and the German Party System. BY DANIEL E. ROGERS. New York: New York University Press, 1995, 206 pp. $40.00.

German Politics, 1945–1995. BY PETER PULZER. New York: Oxford University Press, 1996, 195 pp. $39.95 (paper, $14.95).

These two books are complementary. Rogers, a historian, makes an important contribution to the history of the Allies' occupation of western Germany by concentrating not on programs aimed at reforming German political culture but on efforts to revive and reorient party politics. He argues that Britain, the United States, and France played a major role in reshaping the party system. While he finds little evidence that they were relatively indulgent toward the right after the Cold War began, he shows that they were concerned with preventing both reaction and revolution, a revival of nationalism including that of Kurt Schumacher's Social Democratic Party (SPD), and splinter parties, and that the system of licenses and authorizations resulted in a limited number of moderate parties. This fine monograph tells a complex success story clearly and intelligently.

Pulzer, a political scientist at Oxford,

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begins not where Rogers leaves off, but with the reunification of Germany and the difficult problem of coping with two different pasts. He then turns to the history of the two post-1945 Germanies and discusses the victorious powers' goals, the foundation of the Federal Republic of Germany, and the Adenauer era. He is critical of the chancellor's reluctance to cleanse public life and of his domination of the political system but praises him for achieving social peace and moving toward European integration. He examines the rather unstable years after Adenauer, the role of the SPD in launching *Ostpolitik*, and the rule of Helmut Schmidt and Helmut Kohl. More briefly, he surveys what happened in the German Democratic Republic and the burdens of reunification. He finds that the current federal structure puts great strains on the five *Länder* of the former German Democratic Republic. This too is a success story, despite occasional blemishes, and Pulzer tells it insightfully and elegantly.

Facing the Extreme: Moral Life in the Concentration Camps. BY TZVETAN TODOROV. New York: Henry Holt, 1996, 307 pp. $27.50.

In this luminous book, originally published in France in 1991, Todorov, the great literary theorist and historian, scrutinizes the behavior of those who lived (and so often died) in concentration camps. These experiences he presents as "extreme in two distinct senses of the word: the camps are the extreme manifestations of the totalitarian regime, itself the extreme form of modern political life." What interests him "is not totalitarianism but its influence on individual moral behavior." Beginning with a discussion of the two Warsaw uprisings—the Jewish ghetto in 1943 and the Polish underground army in 1944—he distinguishes between ordinary virtue, centered on dignity, and heroic virtue, devoted to honor and to a cause. Turning to the Nazi and Soviet camps, he analyzes both the moral choices made by the victims—most of whom were neither heroes nor saints but ordinary people struggling to preserve some dignity, care for each other, and keep their minds working—and the guards, mostly neither monsters nor beasts but ordinary people indoctrinated by totalitarianism, which seeks enemies to destroy, fragments the personalities of its subjects, extracts obedience by feeding the human desire for power, and dehumanizes both its victims and its agents. Anyone interestested in the sinister invention of totalitarianism, one of the main features of this century, should read this strangely satisfying masterpiece.

Western Hemisphere

KENNETH MAXWELL

Military Rebellion in Argentina: Between Coups and Consolidation. BY DEBORAH L. NORDEN. Lincoln: University of Nebraska Press, 1996, 242 pp. $35.00 (paper, $17.50).

This important book delves into a concern fundamental to many of the new democracies in Latin America: how to establish civilian control over armed forces in the aftermath of military dictatorships. Norden, an assistant professor at Colby College, examines Argentina after the collapse of military rule following the Falklands debacle. In South America's most dramatic attempt at de-

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militarization, the elected government of Raúl Alfonsín significantly cut the military budget and prosecuted military officers in civilian courts, provoking significant opposition in the armed forces, especially from the *carapintadas,* the "painted faces." Three military uprisings took place, two under Alfonsín and a third under his elected successor, Carlos Saúl Menem. These failed to develop into coups d'état, and in 1989 Argentina saw a transfer of power from one freely elected president to another from a different political party—a major step on the path to democracy. In convincing detail Norden examines the evolution of the military rebellions and delineates the shifts that occurred among the officers, from violent reactions against government policies to political organizing within the system. She concludes with a comparative discussion of Chile, Uruguay, and Brazil. While "Argentina's military perhaps still has a while to go before intervention will cease to be considered an option," she concludes that the political space for it appears to be shrinking.

Havana USA: Cuban Exiles and Cuban Americans in South Florida, 1959-1994. BY MARÍA CRISTINA GARCÍA. Berkeley: University of California Press, 1996, 290 pp. $35.00.

This comprehensive book focuses on the immigration and adaptation of the first three waves of Cuban migrants to the United States following Castro's seizure of power. The émigrés of the first wave of 1959-65 were disproportionately white and middle class. The second wave of 1965-73—the freedom flights—and the third wave of 1980—the Mariel boatlift—saw the migration of people more representative of Cuban society, not only in socioeconomic status, but also in terms of race, ethnicity, and geographic distribution. The fourth wave, in 1994, the *balseros,* those who crossed the Straits of Florida in small boats and homemade rafts, is briefly mentioned but was too recent for detailed analysis. Over half the Cubans from the earlier waves settled in south Florida, especially Dade County. The Cubans saw themselves initially as exiles rather than immigrants, but as time went by and Castro remained in power, they created an economic and cultural enclave balancing *cubanidad* with a skillful working of the American political system, becoming key players in Miami and Washington. This development provoked resentment among other Florida groups. García deals with these complex consequences lucidly and dispassionately in a book that will doubtless become the standard reference.

Talons of the Eagle: Dynamics of U.S.–Latin American Relations. BY PETER H. SMITH. New York: Oxford University Press, 1996, 377 pp. $30.00.

Smith, Simón Bolívar Professor of Latin American Studies at the University of California, San Diego, and former president of the Latin American Studies Association, has written one of the most ambitious books in recent years on U.S.–Latin American relations. He presents three general "systems": the 1790s to the 1920s, characterized by the balance of power, multilateral rivalry, and imperial

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pretentions; the Cold War, when the U.S.-Soviet bipolar rivalry was preeminent; and the current period, marked by U.S. "hegemony by default," in which Latin America is diminished as a U.S. political asset but enhanced in economic importance. Smith remains skeptical about the new wave of market-oriented reform and democratic instaurations and worries that Latin America has fewer options within the current post–Cold War context. He compares the new "age of uncertainty" to the imperial era and urges Latin America to maintain "collective solidarity," reject "individual advantage," and "revitalize the Bolívarian dream of Latin American unity." But this view seems oddly old-fashioned when the accelerating cross-penetration of culture, peoples, and capital within the western hemisphere seems every day more characteristic of the world now unfolding. It is curious how U.S. Latin Americanists tend to be more Latin Americanist than the objects of their study, who have learned the hard way to know a dead end when they see it.

Silencing the Past: Power and the Production of History. BY MICHEL-ROLPH TROUILLOT. Boston: Beacon Press, 1995, 192 pp. $22.00.

Trouillot, a distinguished Haitian scholar who teaches at The Johns Hopkins University, has produced a sparkling interrogation of the past. He examines the suppression of the role of Africans in the Haitian Revolution to demonstrate how power silences certain voices from history. The background is the "war within the war." As Napoleonic France attempted to reestablish imperial control and eventually slavery, black creoles—natives of the island or the Caribbean—fought dissident groups composed of Bossales—African-born ex-slaves mainly from the Congo. The Congo-born guerrilla leader, Jean Baptiste Sans Souci, one of the most effective opponents of the French, was murdered by Henry Christophe, his former comrade and commander. When Christophe became King Henry I of Haiti, he built the Sans Souci palace literally and figuratively over the murdered African hero's body, obliterating his memory entirely when European visitors assumed the name Sans Souci was borrowed from the palace of the same name in Potsdam, Germany. Haiti was, Trouillot convincingly shows, the first modern state of the so-called Third World, and it experienced all the trials of postcolonial nation-building when new elites partially appropriated the culture of the masses and silenced dissent. The silencing was doubly effective because the Haitian Revolution, the most successful slave revolt in history, was largely written out of the texts by historians of the period. Trouillot places the Haitian story within the context of the denial of the Holocaust, the debate over the Alamo, and the meaning of Columbus. A beautifully written, superior book.

The United States and the Caribbean: Challenges of an Asymmetrical Relationship. BY ANTHONY P. MAINGOT. Boulder: Westview Press, 1994, 260 pp. $62.50 (paper, $19.95).

Maingot, professor of sociology at Florida International University, looks at U.S.-Caribbean relations from the 1820s until the end of the Cold War in this outstanding synthesis, covering the U.S. reaction to Marxist challenges, the problem of drug trafficking and offshore banking

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interests, migration patterns, and the region's political responses to social and economic dilemmas. Maingot strongly asserts that the people of the Caribbean have pursued progressive ends through moderate and conservative means, with an attachment to liberal democratic institutions and respect for human rights. Though he does not underestimate the "racially tinged imperialism" of the U.S. past, he quotes those aspects of the philosophy of the Cuban patriot José Martí not much noted by the current Cuban regime, in particular his idea of liberty without hatred as a fundamental component of any working relationship with the United States—a pragmatic search for common interests that seeks to overcome the burdens of history.

Eastern Europe and Former Soviet Republics

ROBERT LEGVOLD

Inside the Kremlin's Cold War: From Stalin to Khrushchev. BY VLADISLAV ZUBOK AND CONSTANTINE PLESHAKOV. Cambridge: Harvard University Press, 1996, 338 pp. $29.95.

Old enough to have experienced an elder generation's way of thought, young enough to have had their own irreverent, quizzical view in the regime's dying days, these two former colleagues from the Moscow-based Institute of USA and Canada have passionately reconstructed the world as it looked to Soviet leaders from Stalin to Khrushchev during the decisive years 1945-62. The result is the most significant addition to the literature on Soviet foreign policy to have appeared since the end of the Cold War. Theirs is not a complete history of events but concentrates instead on the calculations of Stalin and the other principals at critical turning points. They consider the decision to impose Soviet-style regimes in Eastern Europe, the 1948 Berlin crisis, the events leading to the Korean War, and the outset of the Soviet encounter with communist China and the early phases of the split. Finally, they examine the mid-1950s, when the leadership was exhilarated by the country's growing technological prowess and stirred by the radicalization of Third World regimes, but was struggling to adjust to the chastening impact of nuclear weapons.

In most un-Marxist fashion, they construct their book around personalities—Stalin, Khrushchev, the gray, severe Vyacheslav Molotov, his driven counterpart, Andrei Zhdanov, and, in passing, secret police chief Lavrenty Beria and Georgy Malenkov, the man Khrushchev outmaneuvered as Stalin's successor. They have scoured the Soviet archives and memoirs, measured the revelations of these materials against existing accounts, and added interviews with survivors who worked with or near the principals. Such inside sources, while marked by their own pitfalls and gaps, put many Soviet actions in a different light. They also lend substantial support to the authors' core thesis: yes, Stalin and his successors were aggressive, power-seeking imperialists that

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the West had reason to fear and resist, but they were also genuinely captured by the lingering revolutionary urges of the past, which the West never quite fathomed.

Age of Delirium: The Decline and Fall of the Soviet Union. BY DAVID SATTER. New York: Alfred A. Knopf, 1996, 423 pp. $30.00.

If you want to know just how bad it was in the Soviet Union toward the end, Satter's book is the place to go. A vivid, graceful writer and the *Financial Times*' long-time correspondent in Moscow, Satter exposes the sham the regime's values had become, the drunken indifference of workers, and, in particular, the senseless, bureaucratized cruelty of the KGB. The book has the appearance of a diary, but one with coherent themes. Entry follows on entry, each a concrete, sometimes dramatic vignette from someone's experience. The vignettes, however, are really Satter's means of making human and tactile the consequences once Gorbachev began fooling with the system. While the book makes no effort to provide a deep, systematic explanation for the decline and fall, it does add another useful, revealing layer to the picture created by the many other books on the subject.

Last of the Empires: A History of the Soviet Union, 1945-1991. BY JOHN KEEP. New York: Oxford University Press, 1995, 477 pp. $29.95.

It's history. The Soviet Union can be treated as a finished historical entity. The time has arrived to separate wheat from chaff and identify the features, flaws, and moments that mattered. Keep, a distinguished British historian, does that in a well-rounded account designed for a general audience. He starts with the Stalinist order, traces fumbling efforts at change under Khrushchev, and describes the stirrings of civil society in the stagnant Brezhnev era. A good third of the book is devoted to the Gorbachev period. Keep reviews not only Gorbachev's initiatives—the "revolution from above"—but also the gathering stream of social restlessness and nationalist sentiment into which they flowed, producing the more powerful "revolution from below." In a story like this, however, the ultimate point of the history must be to explain the denouement. Keep not only refrains from judging the Soviet Union's ultimate legacy but, in a brief afterword, also passes quickly over the reasons things turned out as they did—a pity because these few paragraphs contain hints of promising ideas.

Stalin. BY EDVARD RADZINSKY. New York: Doubleday, 1996, 608 pp. $30.00.

A highly readable, somewhat breezy biography of Stalin by one of Russia's most successful playwrights. Because Radzinsky did not rely entirely on anecdotes and past histories but spent time in the archives, including the Kremlin's ultra-exclusive Presidential Archive, he adds meaningful detail to the dictator's portrait. Although his American publisher may think Radzinsky's most eye-catching additions are a new theory on how Stalin came to have a mangled left arm and new evidence that he was done in by a conspiracy of close associates, the book's real value is the depth it adds to the overall sense of the man. Radzinsky has surpassed Stalin's other biographers in mining every last bit of information from those who knew him firsthand at any stage in his life. Stalin does not emerge as less sinister or less bloodless, but he is made somehow more accessible.

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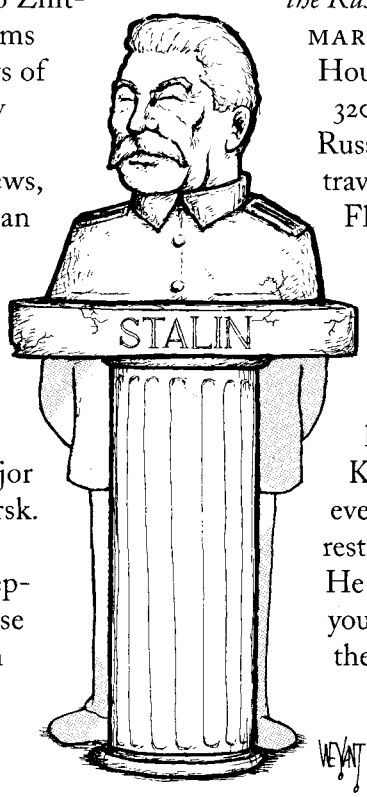
The Bones of Berdichev: The Life and Fate of Vasily Grossman. BY JOHN GARRARD AND CAROL GARRARD. New York: Free Press, 1996, 437 pp. $25.50.

Berdichev is a small Ukrainian city not far from Kiev. On September 15 and 16, 1941, while the Wehrmacht's 11th Panzer division was moved to Zhitomir and entertained with films and musical theater, segments of the German SS systematically finished butchering the last 20,000 of the city's 30,000 Jews, half its population. Thus began the Holocaust. Vasily Grossman, who died in 1964, was a Soviet novelist with a talent rivaling Solzhenitsyn's, and he was a courageous and renowned war reporter who covered every major battle from Stalingrad to Kursk. His mother was among the 20,000 who died on those September days. The Garrards use that horror, which Grossman personally inspected on the heels of the retreating Germans, as a centerpiece for their biography. Around it they pull together the strands of Grossman's life, from his relatively privileged childhood in Berdichev and his early successes and clashes as a young fiction writer, through his intellectual and personal compromises, to his postwar literary probes into Soviet life, including his great novel, *Life and Fate*, which was "arrested" by the authorities in 1961. That's right—a book was arrested, not its author. Grossman is a sufficiently important Soviet cultural figure to deserve a biography, and through his the Garrards say a good deal about cultural politics, internal repression, and anti-semitism in the Soviet Union.



Travels with a Hungry Bear: A Journey to the Russian Heartland. BY MARK KRAMER. New York: Houghton Mifflin, 1996, 320 pp. $24.95.

Russia has always inspired travelers, from Giles Fletcher in the sixteenth century to the Marquis de Custine and George F. Kennan's uncle in the nineteenth century. Lately the numbers have been increasing. Kramer's pilgrimage, however, is different from the rest. Kramer knows farming. He worked on farms as a young man and writes about them professionally. In the late 1980s, when Gorbachev's perestroika was ruffling without really penetrating the stolid Soviet countryside, he ventured out to learn what was happening on collective farms and local agricultural enterprises. He knew what to look for and how to judge what he was told by the locals. The result is a rich, deep portrait of the habits, biases, tricks, struggles, frustrations, kindnesses, and stupidities of Russia's beaten agricultural sector that puts flesh, grit, and meaning into formal academic studies. It is a book experts will

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relish. There is even more in it for the general reader, however, because, with terrific humor, an eye for character, and a splendid pen, Kramer introduces the half of Russia and Ukraine most seldom get to see.

Middle East

WILLIAM B. QUANDT

Lebanon: A Shattered Country. BY ELIZABETH PICARD. New York: Holmes & Meier, 1996, 202 pp. $29.50.

Lebanon is often treated by its neighbors as if it no longer existed as an independent country. And yet, as this excellent history shows, Lebanon has developed a distinctive identity, despite the violence that has consumed the country over the past two decades. Each of Lebanon's major communal groups is given due attention, as is the period of French domination that established the borders of the state and set communitarianism up as the basis for political representation. The era of peace and prosperity after World War II is recalled, as is Lebanon's descent into communal violence in the mid-1970s amid the erosion of the authority of the state. This is the first serious study of Lebanon since the Taif accord of 1989, which helped bring the Lebanese civil war to an end, and the author's treatment of the new balances between Christians and Muslims established by that agreement is particularly valuable. In short, present-day Lebanon is struggling to rebuild with a political system that still enshrines communitarianism. The system has a somewhat more equal distribution of power, but with a dispersion of responsibility that gives the president, prime minister, and speaker of parliament the chance to veto any major initiative. And that is just as the real power in Lebanon—Syria—wants it to be. A well-crafted, balanced, and sober assessment of Lebanon past and present.

Syria and Israel: From War to Peacemaking. BY MOSHE MAOZ. New York: Oxford University Press, 1995, 280 pp. $49.95.

This balanced history traces Syrian-Israeli relations from the war of 1948 through the tentative moves toward peace now under way. The author, one of Israel's leading specialists on Syria, provides occasional new tidbits of information, but he narrates a mostly familiar tale, with emphasis on a series of blunders and missed opportunities on both sides. His evenhanded approach leaves the impression that peace might have been achieved earlier if not for misjudgments, and that pragmatic leaders on both sides will now likely move gradually toward peace. He recognizes, however, that this outcome is not inevitable, and even when formal peace is achieved it will take many years for the scars of this profound conflict to heal.

Palestine in Crisis: The Struggle for Peace and Political Independence after Oslo. BY GRAHAM USHER. East Haven: Pluto Press, 1995, 146 pp. $13.95 (paper).

A journalist with extensive experience in Gaza casts a skeptical eye on the Oslo accords and their aftermath. Like many Palestinians, he resents the unfairness and inequality built into the accords and concludes that Arafat has been too intent on salvaging his position and not attentive enough to protecting Palestinian rights. In such conditions, he believes,

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Hamas and other radical opposition movements can be expected to grow. Usher argues that Arafat should find some means to correct the power imbalance between Israel and the Palestinians (for example, clinging to the United Nations or evoking Arab solidarity) and should rebuild Palestinian society on a democratic basis. These are common themes among Palestinian opponents of the peace process, but it is not clear that Arafat, or any other Palestinian leader, could really get a much better deal than the current one. The Palestinian bargaining position, looked at objectively, is weak, and even a successful transition to democratic governance would not dramatically change that fact. Surprisingly, Usher speaks confidently about the sentiments of ordinary Palestinians but fails to make use of the valuable data that has been gathered through public opinion polls over the past two years. Even before the recent Palestinian elections, support for the Islamic movements, including Hamas, was clearly declining, and most Palestinians supported a continuation of the peace process, however slow and frustrating it may be. In fact, the most recent poll showed support for Hamas at no more than six percent. Still, the value of this short book is considerable, even if its conclusions are not always convincing. Many Palestinians remain frustrated and disillusioned by Oslo, Arafat's quixotic style of leadership has alienated many supporters, and the issues on the negotiating agenda look formidable. This is a good antidote for those who claim that the peace process is "doomed to succeed."

Turkey at the Crossroads: Islamic Past or European Future? BY SHIREEN T. HUNTER. Brussels: Centre for European Policy Studies, 1995, 130 pp. $22.00 (paper).

This short, thoughtful essay argues that Turkey is at a crossroads in terms of its foreign policy and basic orientation as a state. The long hegemony of Kemalism, the doctrine derived from the views of modern Turkey's founder, Mustafa Kemal Atatürk, is nearly over. Turkey is no longer as secular or statist as it once was. Islamic movements are now surprisingly strong, although Hunter does not believe that the army will allow them to come to power. The Kurdish crisis has cost Turkey dearly, not only in financial terms but also in terms of its standing as a democratic country respectful of human rights. If Turkey is to have a European future—which seems not at all certain at this point—it will have to find a way to end this debilitating conflict and accept a degree of pluralism that Atatürk tried unsuccessfully to suppress. This short study does a fine job of highlighting the choices confronting Turkish leaders.

Tales of Two Cities: A Persian Memoir. BY ABBAS MILANI. Washington: Mage Publishers, 1996, 263 pp. $24.95.

Memoirs of politicians are now commonplace in the Middle East, but it is rare to find a memoir by an independent thinker, which is candid and revealing. Perhaps it takes the wrenching experience of exile to open the way for such an intimate portrait as that sketched by Milani. With remarkable candor and

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sensitivity, he describes his life in Iran as a member of a well-to-do family and recounts how he turned to leftist politics, ended up in the shah's prison, and then tried to come to terms with the Islamic revolution. Finally, in 1986 he left his homeland, disillusioned by the Khomeini period, which had turned out to be at least as repressive as that of the shah. The reader will not find here deep insights into the high politics of Iran, but rather a wealth of insights into Iranian society and culture. Along the way Milani also makes acute observations about American society.

Sufism, Mystics, and Saints in Modern Egypt. BY VALERIE J. HOFFMAN. Columbia: University of South Carolina Press, 1995, 461 pp. $49.95.

Sufism is often seen as little more than a popular version of Islam involving saint worship and whirling dervishes. Yet in much of the Middle East, and in Egypt as this study shows, Sufism is much more than that. The author, trained as an anthropologist and a linguist, has spent time studying Sufi texts and practices and produced a well-rounded, serious work. She includes a discussion of Egyptian Coptic mysticism as well. Among other points of emphasis, Hoffman notes the important role played by women in the Sufi tradition.

Israel in Comparative Perspective: Challenging the Conventional Wisdom. BY MICHAEL N. BARNETT. Albany: State University of New York Press, 1996, 296 pp. $59.50 (paper, $19.95).

The common thread in these essays is a belief that Israel's experiences are not so unique as to defy comparison. Politicians and social scientists have often argued otherwise, but here an attempt is made to subject the Israeli experience to a comparative perspective. The results are almost uniformly valuable, in large measure because of the quality of the authors. This is probably not a book for general readers so much as one for academics. It is perhaps a sign of the times that Israel can be treated as a "normal" country in scholarly terms, as someday it may be in political terms.

A Modern History of the Kurds. BY DAVID MCDOWALL. New York: I. B. Tauris, 1996, 472 pp. $35.00.

Kurds in the Middle East now number some 25 million and represent major political and security challenges to the governments of Turkey and Iraq. Yet little has been written about them, their history, emergent nationalism, or enduring tribal rivalries. McDowall therefore fills a large gap with this straightforward history, providing a wealth of information about the Kurdish populations in Turkey, Iran, and Iraq. He is reasonable in his assessment, blaming neither the neighboring countries nor the Kurds themselves for their inability to achieve national unity and statehood. Along the way he provides insight into the formation of the Kurdish Workers Party (PKK), the movement that has been at war with Turkey's government for much of the past decade. One learns, for example, that the PKK's leader, Abdullah Ocalan, began his political career in leftist Turkish politics and, like many urban Kurds, grew up speaking Turkish. In the mid-1970s Ocalan broke with the Turkish left and decided to form a Kurdish liberation movement based on Marxist-Leninist ideology. Since the mid-1980s he has led a determined, disciplined, and bloody campaign against the

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Turkish state. For those who want to understand the background to the Kurdish situation in the Middle East, this is the best available introduction.

Asia and the Pacific

DONALD ZAGORIA

Friends or Rivals? The Insider's Account of U.S.-Japan Relations. BY MICHAEL H. ARMACOST. New York: Columbia University Press, 1996, 271 pp. $24.95.

A superb book that can be profitably read at many levels. First and foremost, it is a valuable firsthand account of U.S.-Japan relations during the critical period 1989-93, when Armacost was the American ambassador. Then, as now, the issue was how to adjust a Cold War alliance to a post–Cold War era whose outlines are still unclear. Armacost struggled bravely to promote greater coordination of U.S. and Japanese policies, but his efforts were almost always frustrated.

On economic issues, he blames both sides. Increasing the U.S. savings rate—necessary to restore American economic health—was not central to the Bush administration's congressional agenda. U.S. investment in Japan was paltry. Expanding market access for American goods is pick-and-shovel work, with no prospect it will change much anytime soon. Because of its unwillingness to take on the rice lobby and liberalize agricultural trade, Japan offered little cooperation in concluding the Uruguay Round of GATT. Political gridlock in both countries prevented substantial coordination of macroeconomic policy. On security issues, only modest adjustments were made to long-standing patterns of defense cooperation. Japan remained dependent on the United States but was curiously disengaged from regional and global security. It removed the legal obstacles to exchanging defense technology with the United States but passed on little technology. Fundamental asymmetries in the alliance remained.

In Armacost's view, Washington and Tokyo could have coordinated their trade, China, and aid policies more fully but for entrenched political interests. He is particularly critical of the obstructionist tendencies of Japan's Ministry of Finance. Still, Armacost is not a pessimist. He says that powerful forces of change visible in Japan are propelling acceptance of a more open market, competitive politics, transparent regulation, and cosmopolitan society. But his scope goes well beyond U.S.-Japan relations. A keen discussion of the larger forces of the global economy and the enormous frustrations and benefits of increasing economic interdependence, an astute analysis of the changed international and regional security situation after the Cold War, and, in a few pages, the best analysis ever written of the special features of the alliance and the likely severe difficulties of redistributing security burdens make this a genuine must-read for anyone interested in U.S.-Japan relations, the Asian security situation, or U.S. foreign policy more generally.

Taiwan's Electoral Politics and Democratic Transition: Riding the Third Wave. EDITED BY HUNG-MAO TIEN. Armonk: M.E. Sharpe, 1996, 253 pp.

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$52.95 (paper, $22.95).

This is a collection of very useful essays on the recent political evolution of Taiwan by several American and Taiwanese academics, focusing on two recent elections. The essays were originally presented at a conference at George Washington University in 1994. There is an extremely thoughtful introduction by Robert A. Scalapino that explains why Taiwan was able to make the breakthrough to democracy with little upheaval in a remarkably short time.

Korea–United States Cooperation in the New World Order. EDITED BY C. FRED BERGSTEN AND IL SAKONG. Washington: Institute for International Economics, 1996, 123 pp. $15.00 (paper).

This volume results from an annual conference of South Korean and American government officials, former officials, private-sector leaders, and academics under the auspices of the Institute for International Economics in Washington and the Institute for Global Economics in Seoul. It contains essays on the security relationship between the United States and South Korea, the bilateral economic relationship, and broader multilateral cooperation. Two prominent Americans, Daniel K. Tarullo, assistant secretary of state for economic and business affairs, and Rep. Doug Bereuter (R-Nebr.), chairman of the House Subcommittee on Asia and the Pacific, used the conference to highlight the importance of greater South Korean economic liberalization for the future of the bilateral relationship. Tarullo argued that the most important determinant of the economic relationship would be whether South Korea resolves its "ambivalence" toward economic liberalization and more thorough integration into the world economy.

Singapore's Authoritarian Capitalism: Asian Values, Free Market Illusions, and Political Dependency. BY CHRISTOPHER LINGLE. Fairfax: Locke Institute, 1996, 168 pp. $20.00 (paper).

Christopher Lingle became an international celebrity after he wrote an article critical of Singapore's political leadership in the *International Herald Tribune* that aroused the ire of the government. At the time, Lingle was a visiting professor at the national university. Faced with the prospect of lawsuits and jail, he quickly fled the country and returned to the United States. His book is an indictment of the "suffocating, authoritarian intervention in most aspects of life there." Although he does not deny that Singapore has become one of the great economic success stories of modern times, he argues that its political repression has exacted significant economic and political costs. He questions the long-term survival of the ruling party—the People's Action Party—and its capacity to sustain Singapore's economic growth. Lingle's book is not a polemic, but the work of a trained economist and serious academic. It works on many levels: as a not very flattering description of political life in Singapore, as a warning that, over the long run, economic growth is not consistent with political oppression, and as a stimulating contribution to a discussion among American academics of how to achieve the right balance between individual freedom and social harmony.

Playing by the Rules: American Trade

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Power and Diplomacy in the Pacific. BY MICHAEL P. RYAN. Washington: Georgetown University Press, 1995, 228 pp. $42.50.

Now that the Cold War is over, trade conflicts with Japan, Korea, Taiwan, and China have been among the United States' most challenging diplomatic problems. This timely volume analyzes the strategy and effectiveness of U.S. trade diplomacy toward its key East Asian trading partners. It examines a number of market-opening initiatives on the part of U.S. special trade representatives under Section 301 of the Trade Act, based on a variety of U.S. government and GATT documents, legal briefs filed with the U.S. government by trade lawyers for the disputants, and extensive interviews in Washington, Tokyo, Seoul, and Taipei. The result is a judicious analysis of American economic policy in Asia, exposing both its flaws and considerable achievements and highlighting the challenges still awaiting GATT and the newly created World Trade Organization.

Dragon Ascending: Vietnam and the Vietnamese. BY HENRY KAMM. New York: Arcade Publishing, 1996, 304 pp. $24.95.

Kamm, a senior foreign correspondent for *The New York Times,* has been reporting from Southeast Asia for more than 30 years, and he has an excellent knowledge of the history and politics of the region. This is a rich report on Vietnam, the country, as opposed to Vietnam, the war, which has dominated the American media. He concludes that Vietnam, standing on its own after the collapse of the Soviet Union and the loss of Soviet aid, is a stable country that justifies heightened confidence. He is optimistic about the prospects for "one Southeast Asia" now that Vietnam has been admitted to the Association of Southeast Asian Nations and has abandoned its designs for dominance over Laos and Cambodia.

Africa

GAIL M. GERHART

Scientific Racism in Modern South Africa. BY SAUL DUBOW. New York: Cambridge University Press, 1995, 320 pp. $64.95 (paper, $21.95).

Confirming the observation that all too often yesterday's science is today's common sense and tomorrow's nonsense, this absorbing study scrutinizes a century of scientific and academic theorizing about race, highlighting the role of South Africans in the fields of physical and social anthropology, medicine, linguistics, psychology, history, and social policy. From the quackery of phrenology, through Raymond Dart's claim to have found the "missing link," to eugenicists' tocsins about human degeneration and the infinitely malleable Hamitic myth, the author follows the dead-end trails of biological determinism and social Darwinism as they wind through laboratories, classrooms, museums, libraries, and scientific institutes, providing ample material for political manipulation along the way. In South Africa, the triumph of apartheid in the 1950s gave a new lease on life to racial ideologies that after the defeat of Nazism were discredited elsewhere. While giving

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due weight to the material interests underpinning the politics of white supremacy in South Africa, the author argues that historians must also recognize how much the architects of apartheid were intellectually enmeshed in racist traditions of thought and discourse carried over from the earlier half of the century.

Somalia: State Collapse, Multilateral Intervention, and Strategies for Political Reconstruction. BY TERRENCE LYONS AND AHMED I. SAMATAR. Washington: Brookings, 1995, 99 pp. $11.95 (paper).

Whether the United Nations can become a more effective force for peace in the next century will depend in part on how well it can analyze and absorb the lessons of its peacekeeping ventures in the 1990s. Somalia presented problems of civil disorder and famine following the collapse of a dysfunctional state. The United Nations, having taken no preemptive action to avert the collapse, together with American officials botched several attempts to help the country establish a transitional authority that could begin reconstruction. This succinct book looks at the political dimensions of peacekeeping and portrays the U.N. failure in Somalia primarily as a result of its simultaneous pursuit of two contradictory strategies: accommodating existing forces (armed factions led by predatory warlords) and encouraging new institutions (to be formed by previously intimidated components of civil society, given time and externally guaranteed security). Impatient to shed the expense and responsibilities of extended peacekeeping, say the authors, the international community lacked sufficient commitment to the latter strategy and withdrew prematurely, leaving Somalia's fragile and demoralized society at the mercy of its worst elements.

Conflict in Africa. EDITED BY OLIVER FURLEY. New York: I. B. Tauris, 1995, 324 pp. $59.50.

Ethnic Conflict and Democratization in Africa. EDITED BY HARVEY GLICKMAN. Atlanta: African Studies Association Press, 1995, 484 pp. $29.00 (paper).

Although the vast majority of Africans live in peace with their neighbors, life has been nasty, brutish, and short for millions of others who live in ill-fated parts of the continent where Hobbesian civil wars have recently raged. These conflicts are the focus of two useful collections, one primarily descriptive, the other organized around the prescriptive theme of institutional reform. With minimal overlap, the books offer chapter-length profiles of civil conflicts in about 20 countries. In most of these countries the conflicts are still ongoing, but in a happy few like Namibia and Mozambique, peace now prevails. Of particular value in throwing new light on current crises are the contributions by Paul Richards, in the Furley volume, on youth culture in Liberia and Sierra Leone, and Hussein M. Adam, in the Glickman volume, on clan politics in Somalia. Thematic essays in Furley's collection also survey the plight of refugees and child soldiers, causal links between conflict, colonialism, and the end of the Cold War, and the economic impact of African wars, such as their lack of positive technological side effects. An overview by Ali A. Mazrui, typically hovering between profundity and persiflage, intro-

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duces the volume.

The essays in Glickman's collection center on ethnicity as a factor in civil strife. In a country or regional context, each explores political reforms that might channel ethnic competition into nonviolent democratic expression. In most cases leaving in abeyance the tricky question of how to get from here to there, the authors speculate on the suitability of various consociational, federal, or other decentralized constitutional arrangements; of coalition governments, proportional representation, and other non-winner-take-all electoral systems; and on possible ways of lowering the stakes in national political competition, particularly by shrinking the public sector through privatization. Ironically, as several authors point out, many of today's wisest prescriptions for political reform in Africa were presciently set out by W. Arthur Lewis in his 1965 classic *Politics in West Africa.*

Seretse Khama, 1921-1980. BY THOMAS TLOU, NEIL PARSONS, AND WILLIE HENDERSON. Braamfontein: Macmillan, 1995, 467 pp. $18.50 (paper).

Born the hereditary ruler of the Bangwato people of the Bechuanaland Protectorate, Seretse Khama sparked a furor among British colonial officials when he married an English woman, Ruth Williams, in 1948. Fearing a white backlash that would help entrench the new government of Daniel F. Malan in South Africa, the British denied Seretse his chieftainship and exiled him until 1956. He then returned home as a commoner and was gradually drawn into party politics, becoming prime minister and later the highly respected president of independent Botswana from 1966 until his death in 1980. This authoritative and engagingly written biography presents an appealing picture of Seretse, Ruth, Tshekedi Khama, who served as Bangwato regent from 1925 to 1950, and a large cast of extras. Going well beyond the personal story of its principal subject, it chronicles the emergence of Botswana in the 1960s and 1970s as a purposefully nonracial country and as a diplomatic leader among the border states confronting South Africa.

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Workers and Economists

The Global Economy Has Left Keynes in Its Train

First, Do No Harm

PAUL KRUGMAN

When a fire breaks out in a single-family home, firefighters know what they have to do. Fires in private houses are all pretty much alike. But when a fire breaks out in a warehouse, the firefighters make an effort to find out what is inside before they go to work, lest they do more harm than good. For example, if the warehouse is filled with highly flammable chemicals, dousing the building with water may spread the fire. In the end, the fire department must act regardless, but it is important to act on as much information as one can get about the nature of the problem.

I offer this homily because Ethan B. Kapstein uses an analogy with firefighting to claim that the West, faced with the economic difficulties of inequality and unemployment, has been paralyzed by too much debate over causes ("Workers and the World Economy," May/June 1996). He seems to believe that economic crises are like house fires, all pretty much the same. In particular, he seems to believe that the economic woes of advanced nations in the 1990s are basically similar to the problems of the 1930s. Deficit spending was the answer then and it is the answer now. Money should, therefore, be spent like water.

Economic crises, however, are not all the same, and the problems of the 1990s look very little like those of the 1930s. The good news is that while there is considerable dispute about the relative importance of some factors, economists have reached enough of a workable consensus about the nature of the problem to accommodate helpful policies. The bad news is that much, although not all, of what Kapstein has to say ignores this consensus, and that some of his policy recommendations are mischievous. They would either create the risk of renewed inflation and worsen the already shaky finances of Western governments, or they would contribute to the very policy paralysis Kapstein decries.

THE NOT-QUITE CONSENSUS

The economic difficulties of the advanced nations are not new. Unemployment in Europe has been rising steadily since the early 1970s, while inequality in the United States began rising sharply only a few

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years later. Nor have they failed to receive attention. Over these 20-plus years, hundreds of conferences and thousands of academic articles and official reports have addressed them. While there is not a total consensus—there never is—a widely held middle-of-the-road position can be summarized by two propositions.

The first proposition is that the problems of wages and employment are mainly—forgive the jargon—structural rather than cyclical. A cyclical economic problem is caused by inadequate demand and can be cured by adopting a more expansionary monetary and fiscal policy—that is, spending more or taxing less. Structural economic problems cannot be solved in this way. Most economists now believe that the Great Depression was essentially cyclical; the slack in employment could have been taken up simply through an aggressive program of demand expansion. But the structural nature of Europe's unemployment was graphically demonstrated by the events of the late 1980s. The later stages of a broad business cycle recovery were marked by a noticeable increase in inflation (drastic in the case of the United Kingdom), despite the fact that the unemployment rate was still nearly nine percent. Demand had recovered, but unemployment could not fall below the nine-percent structural rate without triggering inflation.

What is wrong with trading off lower unemployment for slightly higher inflation? Not much, but that is the wrong question, because there is overwhelming evidence that inflation begets inflation. Suppose the Federal Reserve were to push the U.S. unemployment rate down from its current 5.5 percent to 4.5 percent. In the first year the inflation rate would probably rise only from its current 3 percent to 3.5 or 4 percent. But in the next year it would be 4 or 5 percent, the year after that 5 or 6 percent, and ever upward. The point, then, is not that infla-

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tion will explode if the unemployment rate is pushed too low. It is that a sustained effort to keep unemployment below the so-called NAIRU—the non-accelerating-inflation rate of unemployment—merely by stimulating demand will lead to an upward spiral of inflation. And though high rates of inflation would be slow to materialize, they would be equally hard to get rid of. Once the economy has developed six percent inflation, to get it back down to three percent would require a severe recession. Some countries have substantial room for demand expansion, most notably Japan. For the advanced nations as a whole, however, demand expansion is not a solution; indeed, it will only add new problems.

The second and somewhat more controversial proposition of the not-quite consensus is that the growth of international trade is not the main cause of the persistent rise in European unemployment and American inequality. Rather, the main source is a decline in the internal demand for less-skilled labor, probably driven in large part by technological change biased toward highly skilled workers. While Kapstein insists that time should not be wasted debating causes, he nonetheless finds time to pick sides in the dispute here, asserting that "as a general explanation, technology is unsatisfactory. It is never clearly distinguished from other kinds of capital, and there is no reason that its introduction must in principle reduce the wages of the unskilled."

In fact, MIT's Robert Solow won a Nobel Prize in economics in large part for making it very clear why technological progress and capital accumulation are not at all the same—and how to measure the difference. Since his work, in literally thousands of empirical studies of economic change, the distinction between technology and capital has played a crucial role. (My own article in the November/December 1994 *Foreign Affairs*, "The Myth of Asia's Miracle," was motivated by this very distinction.)

But Kapstein is quite right that technology need not in principle reduce the wages of the unskilled. Whether it does so depends on the bias of the technological change—whether it is sufficiently biased toward skilled and against unskilled workers. But the claim of many economists that technological change is a major factor in recent wage trends is not based on a priori reasoning; it is an empirical proposition, based on facts. Nearly all industries (including those not exposed to international competition) have been increasing the average skill level of their work force by hiring relatively more skilled workers, despite the lower wages of unskilled workers. That indicates that recent technological change has been strongly skill-biased.

The conventional view that international trade is only a secondary source of the growth in unemployment and inequality is also an empirical proposition, and one not arrived at lightly. This is an ongoing debate, driven by technical issues rather than ideology. It is risky for nonspecialists to put their faith in an economist merely because they like the sound of what the economist says. For example, Adrian Wood's work, approvingly cited by Kapstein, has been subjected to devastating criticism; Wood's own numbers do not support his strong claims, and he arrives at large estimates of trade's effect

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only by finessing a basic calculation that indicates the opposite conclusion.[1]

Does the distinction between internal and international causes matter? Yes, it does. Although Kapstein forswears protectionism, it is not at all clear why. After all, if international trade is the main cause of the problem, why not use import restrictions as one line of defense? But if international trade is only 10 or 20 percent of the problem, a protectionist response will bring a whole new set of problems without resolving the ones we already have.

WHAT TO DO

Suppose the middle-of-the-road position on unemployment and inequality is correct: the main source of these problems is a structural, not cyclical, decline in the internal demand for less-skilled labor within advanced countries. One may then conclude that neither a simple policy of overall demand expansion nor one of protectionism against Third World imports is the answer. What, then, can be done?

This is actually not such a hard question. In the United States, which has managed to maintain relatively full employment but has experienced rising inequality, the incomes of low-wage workers need support; but that must be done, so far as possible, without raising the cost to employers of hiring those workers. The obvious answer is something like a much bigger version of the earned income tax credit—an income supplement for workers with low earnings that falls off as a worker's earnings rise, but not so rapidly as to negate pay increases and discourage work. Such a program would be subject to some abuse, but so are all government programs.

Europe has nearly the opposite problem. The poor receive relatively generous support, but not enough people are employed. What Europe needs to do is reduce the cost of employing the less skilled, so that the private sector will offer them more jobs. But it must do so without, so far as possible, reducing their incomes. In this case reducing or removing the tax burden associated with hiring low-wage labor, and possibly providing some employment subsidies, are the obvious answers.

The important point—on which I agree with Kapstein—is that it should be possible to make a large difference to the incomes of low-wage workers (in the United States) or to their prospects of employment (in Europe) without devastating effects on the budget. In the United States, the crucial thing to remember is just how poor the poor are and how rich the country is. If the United States were willing to devote, say, two percent of GDP to income supplements for the working poor, the effect would be dramatic.

So why hasn't the United States tried this policy? Surely it is not because economists have quarreled over whether trade explains 10 or 30 percent of the increase in wage disparities. A better target for Kapstein's ire might be influential figures who insist that the only way to help the poor in America is to cut taxes on the rich. But Kapstein at least

[1]For a detailed dissection of Wood's work, see William Cline, *Trade and Wage Inequality*, Washington: Institute for International Economics, forthcoming. The majority view that technology is the main story while trade is a secondary factor may be wrong, but one certainly should not take sides on this subject unless one is thoroughly familiar with the technical issues involved.

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seems to place most of the blame on those with what he regards as a misguided, indeed mystical, concern over budget deficits.

FEAR IS NOT THE ONLY DANGER

Kapstein implies that the economic difficulties of the West are due to its governments' obsession with deficit reduction. Let me repeat that the West's economic problems have been building steadily for more than 20 years, while serious budget-cutting has begun only within the last two or three. The term "Eurosclerosis" dates not from the 1990s but from the late 1970s; European unemployment had already risen to double digits by 1985, when budget difficulties were rarely discussed. The Reagan administration took a remarkably relaxed view of unprecedented peacetime deficits during the 1980s, but that fiscal expansion did not prevent inequality in the United States from soaring.

Nor is concern about deficits the reason Western nations have been unwilling to provide more support for low-wage workers. The sums involved are small enough that if governments and voters were truly persuaded that such policies were necessary, they could quite easily be funded with new taxes or reduced benefits to middle- and upper-income families. Governments and voters are not persuaded, but that has nothing to do with the deficit.

The main reason Kapstein is eager to put aside concern about deficits seems to be that, in spite of all the evidence, he is determined to view the 1990s through the lens of the 1930s. He quotes economist Robert Eisner on the desirability of deficit-induced demand. But with the possible exception of Japan, every advanced country has plenty of room to increase demand simply by cutting interest rates. If they do not do so, it is because their central bankers think an increase in demand is unnecessary or dangerous. They might be wrong, but running budget deficits, which will merely lead those central bankers to impose still higher interest rates, will do nothing to help the situation.

Still, would a more relaxed attitude toward budget deficits do any harm? Here Kapstein's article becomes truly mischievous, by suggesting that concern about deficits is motivated entirely by ideology. Would that it were! Unfortunately, the West is past the point at which the virtues and vices of its budget deficits could be discussed in terms of uncertain macroeconomic effects. The stakes now are much cruder and more elemental: the long-term solvency of Western governments.

Debt as a percentage of national income in almost all Western nations is now comparable to the levels that historically have prevailed only at the end of major wars. But there has been no war, and instead of paying down their debts, as peacetime governments always have in the past, Western treasuries are continuing to increase their debt, for the most part faster than the increases in their tax bases. Moreover, in the current situation there are no major emergencies—no big arms races or wars in prospect, no natural disasters that require extraordinary spending. But stuff happens. If governments cannot control their budgets when it is not happening, what will they do when it does?

The demographic time bomb makes this situation particularly worrying. The budgets of advanced countries are in

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large part engines that transfer money from workers to retirees, a system that runs smoothly as long as the population is steadily growing, so that the working-age population is large relative to the retired population. But Western populations have not grown steadily. Baby boom was followed by baby bust, and it is therefore certain that the demands on the social insurance systems of advanced countries will greatly exceed their resources beginning only a bit more than a decade from now. Or to put it differently, to the already huge explicit debts of Western nations one should add implicit debt in the form of their unfunded promises to future retirees. In short, concern about the budget deficits of Western nations can no longer be considered a matter of ideology. These days it is a matter of straightforward accounting, and one must deliberately stick one's head in the sand to imagine otherwise.

PUBLICITY COORDINATION

The aspect of Kapstein's prescriptions I found most puzzling is his insistence that a prerequisite for effective action is coordination of economic policies among the major economies. His suggestion seems to be fairly close to the textbook model for macroeconomic coordination. In that much-beloved classroom exercise, each country would like to expand its domestic demand but fears that such an expansion will worsen its trade balance or lead to a depreciation of its currency. In that case a coordinated expansion offers a way out. Increased imports are matched by increased exports, and flight capital has nowhere to go. It is a perfectly reasonable scenario in principle. It may even be a good model for the economic situation during the 1930s. But does this story about the need for coordinated expansion bear any resemblance to the current situation?

Let's get specific. Which major economies are actually constrained from expansion by concerns about the balance of payments or the reaction of international financial markets? Surely not the United States, which may huff and puff about trade conflicts but whose monetary and fiscal policies treat the trade balance and the exchange rate with benign neglect. Surely not Japan, which is worried about an excessive trade surplus, not a deficit, and which is plagued by a yen that is too strong, not too weak. Japan would actually welcome a bit of capital flight. Surely not Germany; with the deutsche mark the key currency of what remains of the European Monetary System, Germany can expect its neighbors to match any reduction it chooses to make in its interest rates. Probably not Britain; since it stopped pegging the value of the pound in 1992, Britain has felt free to follow an independent monetary policy. If it has tightened recently, it is not because it fears the reaction of international markets, but because its domestic economy is again showing signs of inflationary pressures.

What we are left with, I guess, is France, which is indeed pursuing a more restrictive monetary policy than it would if it were not concerned about the value of the franc. But the reason for France's concern is not any inherent need to keep the franc strong—inflation is almost zero—but precisely the commitment of the French government to the Maastricht criteria. France, in other words, is the victim of too much international coordination, not too little. So Kapstein's de-

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mand for coordinated economic policy seems to arise more from his general sense that such coordination ought to be a good thing than from any consideration of the real economic situation. Still, does it do any harm?

Whatever your assessment of the economic case, there is one overwhelming empirical observation that can be made about macroeconomic policy coordination: it never happens. Well, hardly ever. Whole forests have been leveled to print reports about the Plaza, the Louvre, the Group of Seven, and so on, but it is hard to find a single case in which a major economic player has altered monetary or fiscal policy at the behest of the other major players. One often hears about the G-7 process; the reason aficionados like to talk so much about the process is that there have been so few results.

To say, as Kapstein does, that "international policy coordination is necessary so that countries can develop expansionary policies within a collective framework," is in effect to say that real action should be postponed for years while countries engage in endless rounds of content-free summitry. Perhaps if there were a compelling case for coordinated policies there might be a way to turn these photo ops into real negotiations (although recent experience in noneconomic affairs is not encouraging), but there is no such compelling case.

None of this should be taken as a counsel of inaction. There is a great deal that can be done to improve the economic situations of the ill-paid and unemployed. However, there is no reason to tie responsible, realistic proposals to raise incomes and create jobs either to irresponsible demands for bigger deficits or to unrealistic expectations about international coordination.

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Resist the Binge

ROBERT Z. LAWRENCE

Kapstein is correct in saying that the problems of workers in the developed world are serious. I agree, too, that ignoring their plight could have tragic political consequences. But by overstating the effects of the world economy and ignoring the other sources of these problems, Kapstein could well promote the tragedy he seeks to avoid. I also take strong exception to his proposal that governments increase spending. Expansionary fiscal policy would severely set back the progress governments are finally making in bringing their expenditures in line with their revenues. First, expansion driven by a fiscal stimulus is not needed. To the degree that there is insufficient demand in the developed countries—in Europe and Japan, but not the United States—domestic monetary policies are quite adequate for the task. Second, demand-side expansion can do little to solve the structural supply-side problems about which Kapstein is concerned. Economic growth is fundamentally limited by the expansion of productive capacity. Any demand expansion beyond that capacity will translate purely into inflation.

WAGGING THE DOG

Kapstein argues strongly that serious labor market problems such as slow productivity growth, growing inequality, and

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rising unemployment in the developed countries reflect the increasing influence of the world economy on local conditions. As every student of statistics knows, however, correlation should not be confused with causation. Globalization has increased at a time of poor domestic performance, but is globalization truly culpable or just an innocent bystander?

Globalization is important in Western economies. International trade and investment have expanded rapidly, but consider some facts about the United States. Eighty-eight percent of the goods and services Americans buy, they produce themselves. Eighty-two percent of Americans are employed in sectors like government, construction, nonprofit organizations, services, utilities, and wholesale and retail trade, in which international trade is barely a factor. Moreover, America's international interaction with developing countries remains even smaller. In 1994, U.S. non-oil imports from developing countries amounted to just 3 percent of GNP; exports to developing countries were just 2.5 percent. Employment in the foreign affiliates of U.S. multinationals in developing countries is less than 5 percent of overall U.S. manufacturing employment. I am not saying this interaction has not grown rapidly or even that its effect at the margin may not be greater than these numbers suggest, but to point only to trade with developing countries as the source of workers' problems is to wag a very large dog with a rather small tail.

Most problems in the developed economies would exist even if those economies were not increasingly open to trade and investment. Similarly, most of the remedies require changes in domestic policies unconstrained by international forces. By focusing on the convenient scapegoat of international trade, Kapstein gives short shrift to other important problems, some unique, some shared, that developed countries confront. He overlooks the fact that in the United States, slow domestic productivity growth in service sectors not exposed to trade has led to wage stagnation; that in Europe, sclerotic labor markets and overextended government regulations inhibit structural change, regardless of whether the source is internal or external; and that in Japan, the current recession reflects the aftermath of a splurge sparked by domestic monetary policy, and the recession's persistence stems from failures to deregulate domestic markets and deal with a domestic banking crisis. Kapstein is also too cavalier about the fact that in all countries these problems have been compounded because technological change has shifted demand away from the less-skilled and less-educated workers.

With very few exceptions, economists who have studied the impact of trade with developing countries on labor markets conclude it plays a relatively minor role.[2] In the 1980s, during which Americans experienced widening inequality in their income levels, neither the quantities of imported goods nor the changes in prices the imports caused were large enough to give trade much of a role. Even those in

[2]For a more extensive discussion, see my *Single World, Divided Nations? The Impact of Trade on OECD Labor Markets*, Washington: Brookings Institution, forthcoming.

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the United States who believe trade to be significant suggest it explains no more than a fifth of the growth in the relative wages of educated workers. Almost all economists assign a much larger role to the technological changes associated with the introduction of computers and to the changes in management practices that have skewed demand toward more skilled workers while at the same time providing disappointing increases in productivity.

Kapstein dismisses studies by me and others with the claim that trade induces technological change. He argues that "a significant share of new technology, for example, has been induced by foreign competition." In fact, research on the effects of trade on both productivity growth and research-and-development spending confirms the maxim: sometimes a kick in the pants gets you going, and sometimes it just hurts. Some firms, typically in concentrated industries with surplus profits, are spurred to innovate and to spend more on research and development. But other firms, especially those in highly competitive industries, are more likely to respond to international competition by cutting back on investment. It turns out that most trade with developing countries occurs in sectors such as clothing and footwear that are highly competitive. This suggests that when it comes to trade with developing countries, the innovation caused directly by trade is relatively small; indeed, it is more likely to be slowed by trade than sped up. Moreover, to the extent that some trade does lower the wages of unskilled workers throughout the economy, it discourages labor-saving innovation.

Kapstein's account of the role of trade is also imprecise. Does he have in mind all international trade or just trade with developing countries? Since wages in developed countries are quite similar, it must be developing countries he has in mind when he invokes the Stolper-Samuelson theory to argue that trade lowers the welfare of the least-skilled workers in the developed countries. But at another point he talks about the investment-generating effects of trade in industries such as automobiles and steel, in which the developing countries are not major players.

THE GROWTH CEILING

I share with Kapstein the view that government should assist workers in adjusting to change. Training and education are crucial in helping workers adjust, but it is impractical and unrealistic to see them as the only answer. I also concur that the tax system should be used to boost the incomes of the working poor and facilitate job turnover. Europe's strength is that it helps its poor; its problem is that its inflexible labor markets fail to create jobs. America's strength is its flexibility and job creation; its problem is that the income of the least-skilled workers has been depressed. The ideal system would combine American efficiency with European compassion. A deregulated labor market and a generous earned income tax credit would do exactly that. Let wages be freely determined in the market, but let the government safeguard the workers through the tax system.

Where I part company with Kapstein is on his call for coordinated expansionary fiscal policies. Indeed, I think his prescription of tight money and loose fiscal policies has it exactly wrong. Loosen money, perhaps, but keep fiscal policy

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tight. Currently, there may be some room in Europe and Japan for monetary expansion and, in my heretical view, in countries such as France even room for exchange rates to float. But soon this expansion in demand will strike the ceiling set by the supply capacity of the economy. In a fully employed economy, that capacity is equal to the rise in output per worker plus the growth of the labor force. Once that ceiling is reached, efforts to expand demand can only produce inflation. There is some controversy over whether the United States has already reached the maximum growth rate. I would err on the side of caution, but if you think more stimulus is called for, leave it up to the Federal Reserve. However, calling for bigger budget deficits and more public works programs could not be more wrongheaded. If the problem is slow productivity growth, the country surely needs more investment. But change the mix and not the size of public spending. Let fiscal policy contribute to supply growth by substituting public investment for public consumption, but not through bigger deficits. Increased government borrowing leads to higher interest rates and crowds out private investment. Public works programs delay market adjustments and fail to give workers the skills they need for viable long-run employment. Moreover, such fiscal expansion reinforces the tendency to deny the need for adjustments by piling up debt for future generations.

The simple truth is that, notwithstanding Kapstein's pronouncement, monetary and fiscal policies cannot "be structured in such a way as to ensure . . . that working people can earn a living wage." Successful fiscal and monetary policies may keep inflation low and achieve full employment, but only increased productivity in the private sector can raise the marketplace earnings of working people. If these earnings are inadequate, redistribution may have a role. But bigger government deficits will only pass the burden to future generations.

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Mollycoddled

HILARY BARNES

Kapstein's "Workers of the World" was interesting but wrong-headed. First, he implicitly equates workers of the world with workers of only the industrial world. They indeed may have something to worry about with the globalization of the economy, but there are billions of workers in other countries who have reason to be happy about what is happening. Second, Kapstein seems to think that deficit spending and monetary stimulus would generate growth and reduce unemployment. But this is the path the industrial countries went down between about 1946 and 1980. They learned that it does not work, and that it would certainly do nothing to solve the U.S. productivity problem. Third, in Europe at least, the notion that governments have broken the postwar contract with workers—full employment and comprehensive social welfare—is only half right. Full employment is gone, but not social welfare. In fact, social welfare is so comprehensive that it is no longer a solution; it is the problem.

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In the part of the world from which this response comes, a large portion of the working-age population obtains very little or no financial benefit from taking a job as opposed to exploiting the social welfare system. Governments no longer have coherent policies for employment, only policies against unemployment, which are not the two sides of the same coin one might think. They fight unemployment by setting up programs to lift people off the dole, education programs, leave-from-work-at-taxpayers'-expense programs, early retirement programs, you name it. Cosmetically, these programs support the politically potent slogan, "We have reduced unemployment." But that is an illusion.

INEQUALITY HAS ITS PLACE

One of the great contemporary worries, reflected in Kapstein's article, is that income differentials are widening. But in Scandinavia, the lifetime income of a youngster who leaves school at 16 to become a cashier in a supermarket will be much the same as the lifetime income of an engineer. The modern Swedish economy was built by its engineers, but today Sweden has fewer engineers per capita than South Korea, and the Swedish economy is going downhill fast. It may be unfashionable to say so, but income differentials have their place.

Reform in Europe requires more flexible labor markets and fewer privileges for trade unions. It also requires changes in the social welfare system, but change is extremely difficult. About two-thirds of the voting population in Scandinavia is on the government payroll, either as a government employee or a client of the welfare state. Tampering with this source of income is politically explosive.

One country that seems to have been able to carry out successful reforms is New Zealand, but European politicians generally dismiss those reforms as irrelevant. I realized why when I asked a very senior Scandinavian social democrat if New Zealand hadn't pointed the way. "Yes, but look what happened to the party, the New Zealand Labour Party, that initiated the reforms. Do you think we are going to risk the same fate?" Ultimately, seen from this corner of the world, Kapstein may be right, but for the wrong reasons. Workers are not disaffected. They are mollycoddled. But if failure to reform labor markets and social welfare systems causes the economies of the advanced European welfare states to collapse, the disaffection of a large part of the electorate, and not just the workers, may well cause political mayhem.

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Across the Tracks

THOMAS DONAHUE

Three cheers for Ethan Kapstein for opening a debate on how to address the needs of workers in the so-called global village. He accurately details the good intentions of the framers of post–World War II economic policy and their expressed concern not only that economic reform produce jobs and income growth, but also that mechanisms be created to assist those displaced by trade, changes in technology, or

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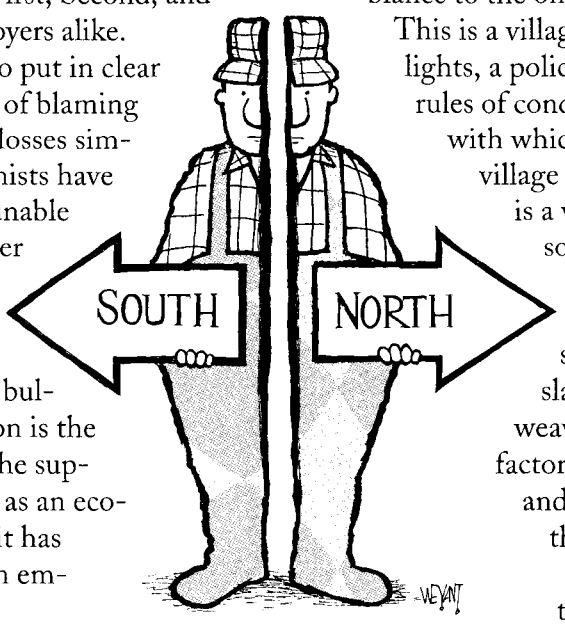
the growth of newly industrialized and developing economies.

In analyzing the early successes and later failures of those mechanisms in the United States, he could also have noted the drying up and practical disappearance of trade adjustment assistance, as successive Republican administrations attempted to eliminate it from the budget; the slashing of worker training and adjustment funds; and the blind dedication of Republican and Democratic administrations alike to "free trade" along lines quite different from those envisioned in the 1947 Havana Charter's call for addressing unfair labor conditions within the international trade regime. These retrenchments have convinced workers in the United States and other developed nations that they are the only people paying the price for economic change in the world and for small improvements in the conditions of workers in developing nations. Meanwhile, workers in the underdeveloped world continue to be exploited by First, Second, and Third World employers alike.

Kapstein has also put in clear focus the absurdity of blaming technology for job losses simply because economists have been unwilling or unable to demonstrate other causes, and the equal absurdity of espousing job training as a magic bullet when job creation is the only real answer. The supply-side idea failed as an economic theory, and it has been no better as an employment program.



THIS IS NOT 'OUR TOWN'

The truth about trade, free trade, and all recent trade negotiations is that none of them can occur in isolation from other economic acts. Negotiating for free trade and opening up markets makes absolutely no sense without consideration of labor markets, exchange rates, government regulations, capital movements, and so on. Unfortunately, free trade has been pushed as the Vitamin E, the all-purpose cure-all, by economic elites who have been further enriched by it, often at the expense of workers.

The global village is a great phrase. It conjures up the image of an American New England town or midwestern village of the idealized past—friendly people, shared values, opportunity for everyone, children at school and play growing up secure in the embrace of the "village." As a slogan for globalism, it's an ad man's delight. As a reality, however, it must be examined a little more closely, for the global village bears no resemblance to the one in *Our Town*. This is a village without street lights, a police force, or any rules of conduct or standards with which the people in the village can identify. This is a village where, on some of the back streets, children as young as five or six work as bonded slaves in carpet weaving, in clothing factories, and in quarries and mines. Some of the young girls are sold into prostitution. In other man-

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ufacturing facilities, workers are badly exploited, with little pay and little or no attention to their health and safety or to environmental damage. On Main Street, along the blocks of fancy retail stores, the products of the back streets sell well to people who would certainly not approve of the abuse of workers, but most of them have never been to the other side of town. The conditions there simply have not intruded on their middle-class consciences. The village council, which has no real power, has created some committees to look at these issues, but they are rarely able to agree on anything other than the concepts of "free trade" and the "free exchange of goods." Their nostrum for the abuses and evils some people hint are the byproducts of free markets is to have still freer markets and more exchanges of goods.

The village council members seem to hear only the analyses offered by the well-to-do merchants and other elites of the village, all of whom seem to be prospering rather nicely, thank you. They occasionally discuss rules of conduct, but their agreements are years in the making and are generally at the level of the lowest common denominator. The truth is, this global village of ours is not a village at all. It remains a world of 190 or so independent and sovereign nations, each trying to get an advantage for itself (and hopefully its citizens), and one in which only the strongest among them, in concert with a few others, can hope to do so. What they have in common is that they are capital-starved and capital-sensitive. They know that capital can move around the world in seconds, and they know they must try to attract it amid very strong competition, with jobs and investments going to those whose wage rates are low and whose environmental and labor standards are either soft or nonexistent. Small wonder, then, that they are frightened by any talk—from within or without—about raising standards, about human rights and worker rights, and about trade sanctions or any other mechanism to enforce any kind of standards or rights. That is the real picture of the global village, and it is not a place you or I should want to live.

TOO MUCH FAITH IN FREE TRADE

In Kapstein's phrase, "growing income inequality, job insecurity, and unemployment are widely seen as the flip side of globalization," and the political debate over what to do about them "will soon turn sour," resulting in xenophobia and pressure for protectionism. A part of the answer does lie in "easing pressures on the 'losers' of the new open economy" with a renewed emphasis on growth, training, education, public job creation, and sharply more progressive income taxes. But the fundamental change that must take place, if there is to be prosperity in the long run, is in the simplistic faith in free trade and free markets. The challenge for the United States and other nations is to devise trade policies and to manage trade in ways that help their citizens within limits that other nations will find tolerable. Trade negotiations must be aimed at establishing rules of fairness, not just openness, and rules for managing trade, currency, and investment flows in ways that begin to redress the enormous imbalance between rich and poor in the world. If that is not done, there can never be real peace and stability.

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Basic to redressing that imbalance is an American insistence on trade rules that guarantee the observance in all nations of internationally accepted rights of freedom of association and collective bargaining, health and safety standards, and prohibitions of child labor. These standards have already been developed by the International Labor Organization. The World Trade Organization should make them a requirement for all trade. Successive U.S. administrations have supported this goal—with varying degrees of energy or enthusiasm—but recent efforts have shown that the necessary support among a critical mass of other nations may now be available. If the new U.S. trade representative can secure agreement in the WTO for such standards, the world might for the first time be on its way to a trading system that benefits ordinary people. With that, and with expansionary international economic policies, we might avert the calamities that surely lie ahead on the overly narrow free trade road we have followed for too long.

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Unleashing Growth

STEVE FORBES

Kapstein has no need for pessimism. The United States and other advanced industrial countries could easily grow at significantly faster rates than they do now. These countries are on the cusp of a new era that will fundamentally alter the way people live and work, enriching their lives not only materially but spiritually and culturally as well. The transition to this new era doesn't have to be anything like the disruptive, wrenching process industrial nations went through as they changed from agrarian to machine-based economies.

The microchip is extending the reach of the human brain the way machines, beginning nearly two centuries ago, have extended the reach of human muscle. Take one of the early examples of the microchip age—the calculator, which is ubiquitous, cheap, and easy to use. All of us are now in a sense math geniuses in that we can quickly carry out mathematical computations that 50 years ago would have taken math whizzes hours or days to complete. And no one has to be left behind. Just go to a supermarket checkout counter, where the very sophisticated inventory technology can be mastered rapidly by just about anyone.

TAXES EXACT A PRICE

The obstacles to fully realizing the potential of this new economy while minimizing any disruptive elements are removable and reformable. All it takes is insight and political will. The principal barrier to progress is nations' tax codes, most of which are not only unnecessarily complex but have high marginal rates that impose needless burdens on the economy. What too many policymakers and economists cannot seem to grasp is that taxes are not only a means of raising revenue, but also a price. Taxes on income, profits, and capital gains are the price for working and being innovative, productive, and successful. Lower the

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price on these good things and there will be more of them.

Cumbersome, often foolish regulation is another unnecessary burden. America's formidable progress in digital communications, for example, is slowed because regulators and politicians will not let telephone and cable companies combine to wire homes. Computer chips can now handle billions of bits of information per second, while telephone wires can transmit only a few thousand. Hence graphics are maddeningly slow on the Internet, and moving pictures have a jerky quality. Cable wire and fiber optics can handle the volume of data computers require, yet because of regulations, one cannot easily connect a telephone to a cable wire.

In Europe, regulations and labor restrictions frequently are even more ferociously burdensome than they are in the United States, and tax burdens are far heavier. That is why unemployment remains intractably high, growth is anemic, and technological innovation and new business formation are, by American standards, almost nonexistent. Europe needs a dose of Ludwig Erhard–like tax cuts-cum-simplification-and-deregulation. For its part, America is hurt by a substandard education system and an increasingly arbitrary, lottery-like legal system. And the generous welfare systems of Europe, like that of the United States, are undermining the very qualities that enable people to get ahead. While the frequency of murder and rape in Europe is still far behind that in America, rates for robberies and burglaries in many European countries now match or exceed ours.

AN ANTSY FED

The prescriptions are straightforward, particularly major deregulation and significant tax reductions and tax simplification. A new Bonn Summit, on the other hand, is not necessary. There is no need for grand attempts at coordination among major nations that at best will be clumsy and ineffective. If the United States does it right, most nations will quickly follow its lead.

The choice that many economists cite between more inflation and more prosperity is a false one. We can have both sound money and healthy growth, as the West generally did in the 1950s and most of the 1960s. Easy money is like a drug—you need more and more of the fix to get high, and the reckoning is invariably painful. But there is a vast difference between price changes that reflect supply and demand and price changes that reflect debasement of the currency. Too many central bankers now believe that growth rates in excess of 2 or 3 percent are inflationary and unsustainable, and the Federal Reserve gets antsy anytime growth exceeds 2.5 percent for a couple of quarters. This is preposterous. Historically, the U.S. economy has grown at a 3.5 percent clip, and the fundamentals are there for a few years of growth equal to that of the early and mid-1960s.

Since the early 1980s, with only a few interruptions, the United States has had an investment boom, making it the world's leading manufacturer. Chrysler, which six years ago was on the financial ropes, now makes more money in one year than the entire Japanese auto industry. The United States is the world's high-tech leader in software, fiber optics, Internet technology, microprocessors, and biotechnology. Real worker compensation is also going up, albeit too slowly. Growing income inequality is more of a social phe-

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nomenon than an economic one—a divorced woman raising children almost invariably suffers a sharp drop in her financial well-being. Moreover, studies such as a recent one by the Federal Reserve Bank of Dallas demonstrate what any observer should already know: the American economy is extraordinarily dynamic. Most of those in the bottom quintiles in the early 1980s had moved up, while nearly 40 percent of those in the top quintile had suffered a relative decline.

The dynamic of the machine age was bigness—big companies, big cities, big unions, big government. The dynamic of the microchip era is the opposite—antihierarchical, antiauthoritarian, and profoundly individualistic. The role of government is now a negative one of removing tax and regulatory barriers. The real source of anxiety in the developed world is the fear that those who lose their jobs will not be able to find comparable or better ones. A rapidly growing economy, which Western countries are quite capable of achieving, would allay most of those fears. Such an economy would also see a far healthier rise in personal incomes.

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Political Economy

ETHAN B. KAPSTEIN

In *The General Theory of Employment, Interest, and Money,* Keynes wrote of the power that classical economic theory still had over his discipline during the 1930s, a period remembered as the Great Depression: "That it could explain much social injustice and apparent cruelty as an inevitable incident in the scheme of progress, and the attempt to change such things as likely on the whole to do more harm than good, commended it to authority. That it afforded a measure of justification to the free activities of the individual capitalist, attracted to it the support of the dominant social force behind authority."

Like their predecessors, today's trade duo of Paul Krugman and Robert Z. Lawrence conservatively call on governments to "do no harm." They would have us believe that a priestly sect of economists has reached something like a consensus regarding the effects of globalization on workers. This simply is not true. As two economists wrote in response to a famous paper by Lawrence and Matthew Slaughter, "The link between international trade and relative wage behavior remains an open issue." In seeking to monopolize the debate, Krugman and Lawrence denigrate "nonspecialists" like me, who allegedly lack an understanding of the "technical issues" surrounding economic matters. I suppose that in their view working people would also have no right to debate economic policy, just as the soldiers in *All Quiet on the Western Front* had no right to discuss the conduct of World War I with officers. In taking this line they remind us of the Edward Tellers who once scoffed at efforts by such amateurs as political scientists, religious leaders, lay citizens, and yes, even economists to influence defense policy, much less arms control, during the 1950s and 1960s. Fortunately, an increasing number of economists are troubled by the yawning gap between their theories and

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reality. As Stephen Roach of Morgan Stanley recently stated, contemporary economic policies have a "fatal flaw," in that "they are built on the back of hollowing out labor."

WRONG PRIORITIES

My purpose here is not to elaborate on the crisis in modern economic theory. It is instead to remind my critics that societal outcomes ultimately reflect the pulling and hauling of political processes, and this is as true for economic policy as it is for health care or defense. All of us seem to agree that many workers are on the losing end of contemporary economic change. This outcome, I argue, did not arise spontaneously but as the consequence of a change in policy priorities—priorities that now relegate workers to the back seat. I agree with Steve Forbes and Hilary Barnes when they say that Europe's labor markets need reform, but labor must have a voice in that process. Indeed, what is lacking in Europe is a viable political strategy for renegotiating the postwar bargain. Economists would do themselves an analytical favor if they put the "political" back into economy.

Krugman and Lawrence say that the villain in the story is technical change, and again, nowhere do the economists define what they mean by technology. But let's simplify the story—as economists like to do—and define technology as computers. The widespread introduction of computers in industry, they say, has had a bias against unskilled labor, thus lowering wages in the United States and causing unemployment in Europe. They accuse me of being a closet protectionist, but this argument makes them closet Luddites. If technological change is hurting workers, why on earth would we encourage such investment? In the event, that's exactly what we do. Tax policy favors investment in "capital" (including technology) but not labor. Do we have the balance right?

I suppose they would agree with me that while we should encourage technical change, we must at the same time compensate those who lose in the process. This compensation, however, costs money, and here their position as deficit hawks is awkward. Krugman, for example, calls on the United States to devote "say, two percent of GDP to income supplements for the working poor." Two percent of GDP is a big number—it's over $100 billion, substantially more than the $80 billion I suggest in my article as a first step—especially at a time when welfare, education, and training programs are being cut. Does he really believe that the U.S. Congress would appropriate these funds? And if so, does he believe it could be done in the current climate of balancing the budget? Krugman's spending plan gives his contention that my "mischievous" proposals would spur inflation and render Western governments insolvent a hollow ring. I of course agree that money must be spent on these problems and, indeed, that it should be a national priority. I would also prefer to change the composition of government spending rather than increase the deficit. But I would rather help working people now than not, in the face of those who say the budget must first be balanced.

Krugman and Lawrence assert that the limits of noninflationary growth have been reached and that trust should be put in the leadership of the Federal Reserve. But the definition of noninflationary un-

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employment has changed over time; today it is somewhere between five and six percent, but at an earlier time it was lower. Would they really wish to conclude that nothing can be done for the unemployed or underemployed in this country, especially among youth, women, and minorities where the numbers are still high? Is an expansion of the already existing earned income tax credit the best that 200 years of accumulated economic knowledge can offer to workers? If so, is it any wonder that nonspecialists like me are entering the fray? In this light it is interesting that other nonspecialists like Forbes are questioning the limits-of-growth theme.

ECONOMISTS NEVER LEARN

The economists' disconnect from the world of politics is evident throughout their comments. For example, Krugman criticizes the parallels I draw between the 1990s and the 1930s. What he does not seem to understand is that it is European leaders who are drawing those parallels, not I. The reason Kohl and Chirac are pushing so hard for a monetary union—which Krugman, curiously, seems to oppose—is that they fear an outbreak of the very beggar-thy-neighbor economic policies that characterized and deepened the depression. Being of an older—and wiser—generation, they still believe that international economic policy coordination can be a force for peace and prosperity. The paradox is that in pushing for monetary union on the one hand they are undermining domestic social welfare programs on the other, thus eroding political support for the union they wish to achieve. The great challenge of contemporary European politics revolves around dealing with this paradox, and I would argue that the United States really does have a dog in that fight. After all, it was the breakdown of European politics that caused the two great world wars of this century. Doesn't the United States have a national interest in promoting global economic growth, given this historical record?

Economics is vastly more sophisticated today than it was in Keynes' time. It uses mathematical models that even specialists trained in an earlier era find difficult to understand. But there is little evidence that it has become wiser as a discipline. Lawrence says that economic policy cannot be structured in such a way as to help people earn a living wage. If that is so, what is the point? That is the very question with which Keynes struggled his entire career, and his victory over classical economics came only after a depression and a world war. Is that what it will take for a new Keynes to arise in our midst?

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Letters to the Editor

Steven Rattner, Richard T. McCormack, and others

KANTOR CAN

To the Editor:

Marc Levinson accuses the Clinton administration, especially Secretary of Commerce and former U.S. Trade Representative Mickey Kantor of reinforcing "latent public suspicion of trade" ("Kantor's Cant," March/April 1996). But public opinion has, in fact, become more supportive of free trade since the heat of the debate over the North American Free Trade Agreement. According to a Gallup poll, before the 1992 election, 48 percent of Americans saw foreign trade as a threat compared to 44 percent who adjudged it an opportunity. By early 1994, 53 percent viewed foreign trade as an opportunity while 38 percent deemed it a threat.

Levinson also contends that the trade pacts Kantor has negotiated—21 with Japan alone—will do little for the country's short-term economic health. But the substantial benefits of the administration's policies are already visible. Over the past three years, U.S. exports have grown 31 percent, creating over a million new jobs. In 1995 the trade deficit with Japan declined for the first time in five years, in part because exports of American cars and parts to Japan increased nearly 40 percent while imports from Japan fell. U.S. exports to Japan in the 14 market sectors covered by the agreements have risen over 85 percent since 1993, three times faster than other exports to Japan.

STEVEN RATTNER
Managing Director, Lazard Freres & Co.

To the Editor:

Marc Levinson was too tough on Mickey Kantor's performance as trade representative. Managing the U.S. trade account is one of the most frustrating jobs in Washington. First there is the difficulty of persuading countries with large trade surpluses to open their markets. Then the trade representative must cope with the hired guns of America's trade partners. He or she must also fend off well-meaning interventions from a State Department and White House concerned about broader political relationships. And finally, the trade representative must contend with congressional efforts to interfere with trade policy. The wonder is not that U.S. trade negotiators are occasionally testy and confrontational, but that they manage to preserve their sanity at all.

Levinson's attack ignores the cumulative impact of 15 years of deficits in the U.S. current-accounts position. On his last trip to Asia in 1988, Secretary of State George P. Shultz warned the countries he visited to avoid excessive dependence on trade with the United States. He explained that the United States would

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eventually have to run a surplus in its accounts position to service its accumulated debt, a move that would destabilize these countries' economies.

The U.S. current-accounts problem cannot go on indefinitely, and the task of turning the net debt position around falls squarely on the shoulders of the trade representative, supported by U.S. macroeconomic policy. In the face of large, sustained trade deficits and exclusionary practices overseas, soothing bromides directed at the American public are not appropriate. Hard-nosed bargaining with trade partners is.

RICHARD T. MCCORMACK

Under Secretary of State for Economic Affairs in the Bush administration

THE RETURN OF CHRONIC DISEASE

To the Editor:

Laurie Garrett sounds the alarm over infectious diseases, but chronic diseases such as heart disease, cancer, and diabetes pose an even greater threat to international public health ("The Return of Infectious Disease," January/February 1996). In fact, in all groups over age 14 in all regions except sub-Saharan Africa and the Middle East, chronic diseases have superseded communicable, maternal, and perinatal conditions as the leading cause of death. In Latin America, for example, nearly twice as many people died from chronic as from infectious and parasitic diseases in 1985, and the ratio is projected to rise to 3.4 to 1 by 2000 and 5.2 to 1 by 2015.

Why have chronic diseases overtaken their infectious counterparts? Notwithstanding AIDS, the Ebola virus, and mad cow disease, there has been steady overall progress in controlling the spread of infectious diseases. Meanwhile, populations everywhere have been getting older, and modernization has led to increases in several chronic-disease risk factors.

Many chronic conditions do not receive sufficient resources because they lack political and media appeal. For example, the leading fatal sexually transmitted disease is cancer of the cervix, not AIDS. Chronic diseases are found more often in developing countries than in the developed world and especially among the poor. The world must intensify its efforts to combat these diseases.

FRANKLIN WHITE

Program Coordinator, Noncommunicable Diseases, Pan American Health Organization

HIDDEN SAUDI SQUALOR

To the Editor:

Milton Viorst goes to Saudi Arabia and finds prospering cities ("The Storm and the Citadel," January/February 1996). But he hasn't tried to get a telephone line installed. On a windless morning, an odor of excrement blankets Jidda, and only strong perfume can expel it from one's nostrils. With the exception of two industrial centers—Yanbu and Jubail—the cities are filthy, and the hospitals and schools are a joke. But one can see only so much from the rich man's compound.

KHAN

Yanbu'o Al-Sinaiyah, Saudi Arabia

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